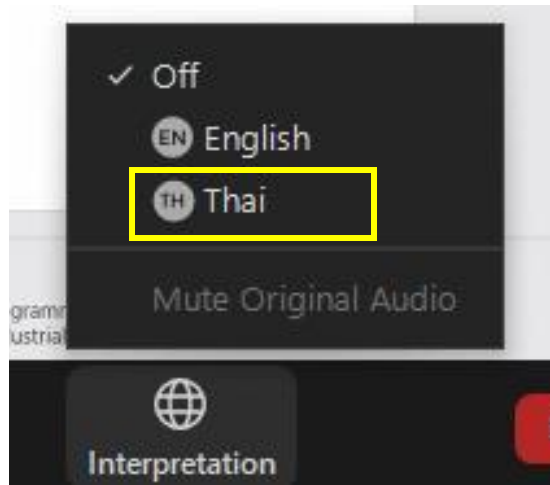


Welcome! We will begin shortly.

How to connect to Thai language live-translation



1. Click on "Interpretation" icon
2. Click "Thai" for live interpretation Thai audio
3. Mute Original Audio (optional)

Glossary

- ▼ **TCFD:** Task force on Climate-related Financial Disclosures
- ▼ **ESG :** Environment, Social, and Governance
- ▼ **CDP:** Carbon Disclosure Project (*Event Organiser*)
- ▼ **SBT:** Science-based target
- ▼ **SBTi:** Science-based Targets Initiative
- ▼ **NDC:** Nationally Determined Contributions



Improved Capacity and Skills in TCFD Knowledge and Reporting



Delivered by CDP

30 January 2023

UK PACT: Partnering for Accelerated Climate Transitions

UK PACT is a £60 million programme running between 2018 and 2022

Mission and vision

- Delivered by **BEIS, the UK's Department for Business, Energy and Industrial Strategy**, through the UK's International Climate Finance (ICF)
- Supporting **achievement of Nationally Determined Contributions (NDCs)** and the long-term goal of the 2015 Paris Agreement to **limit dangerous climate change**
- **Demand-driven**, adjusting key focus areas based on partner countries' needs and sectoral priorities

We will achieve this by:

- Working with partner countries to improve the capacity and capability of key institutions to reduce emissions and foster inclusive economic growth
- Addressing barriers and constraints to clean growth
- Pursuing opportunities for greater climate ambition

UK PACT: Partnering for Accelerated Climate Transitions

Delivered by CDP

Shaping High-Quality Environmental Disclosure in Thailand, Based Upon the TCFD Recommendations

This will be done through:

- ▼ Workshops
 - ▼ *Capital markets*
 - ▼ *Listed companies*
 - ▼ *Policymakers/regulators*
- ▼ Published materials
- ▼ Follow-up engagement

Improved Capacity and Skills in TCFD Knowledge and Reporting

Corporate Workshop

30 January 2023

Thank you to our partners:



British Embassy
Bangkok



Agenda

Time (GMT+7)	Topic	Speaker
09:00-09:10	Welcome Address	John Leung Director CDP Southeast Asia and Oceania
09:10-09:25	Introduction to TCFD and regulatory trends	Elizabeth Lo Senior Corporate Engagement Officer CDP Southeast Asia and Oceania
09:25-09:40	Overview of TCFD recommendations and key concepts	
09:40-09:50	Current status of TCFD implementation and progress	
09:50-10:00	Q&A	
10:00-10:10	Break	

Agenda

Time (GMT+7)	Topic	Speaker
10:10-11:00	Dive into TCFD recommendations with case studies	Elizabeth Lo Senior Corporate Engagement Officer CDP Southeast Asia and Oceania Kelly So Corporate Engagement Officer CDP Southeast Asia and Oceania
11:00-11:10	Developing a TCFD-aligned roadmap	Kelly So Corporate Engagement Officer CDP Southeast Asia and Oceania
11:10-11:20	Reporting principles and supporting materials	
11:20-11:30	Gender Equality & Social Inclusion Mainstreaming GESI in Thailand companies' sustainability efforts and organizational performance	Mpiwa Gwindi GESI Researcher
11:30-11:40	Q&A	

WELCOME ADDRESS



Mr. John Leung

Director

CDP Southeast Asia and Oceania

INTRODUCTION AND OVERVIEW



Ms Elizabeth Lo

Senior Corporate Engagement Officer

CDP Southeast Asia and Oceania

ABOUT CDP



CDP is a global environmental impact non-profit working to secure a thriving economy that works for people and planet.



CDP runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.



With the world's most comprehensive collection of self-reported data, the world's economy looks to CDP as the gold standard of environmental reporting.



Its network of investors, purchasers and policymakers around the globe, use our data and insights to make better-informed decisions.

OUR STAKEHOLDERS



680+ signatories with US\$110 trillion in assets



280+ supply chain members with over US\$6 trillion in purchasing power



18,000+ companies responded through CDP



1,000+ cities disclosed environmental information

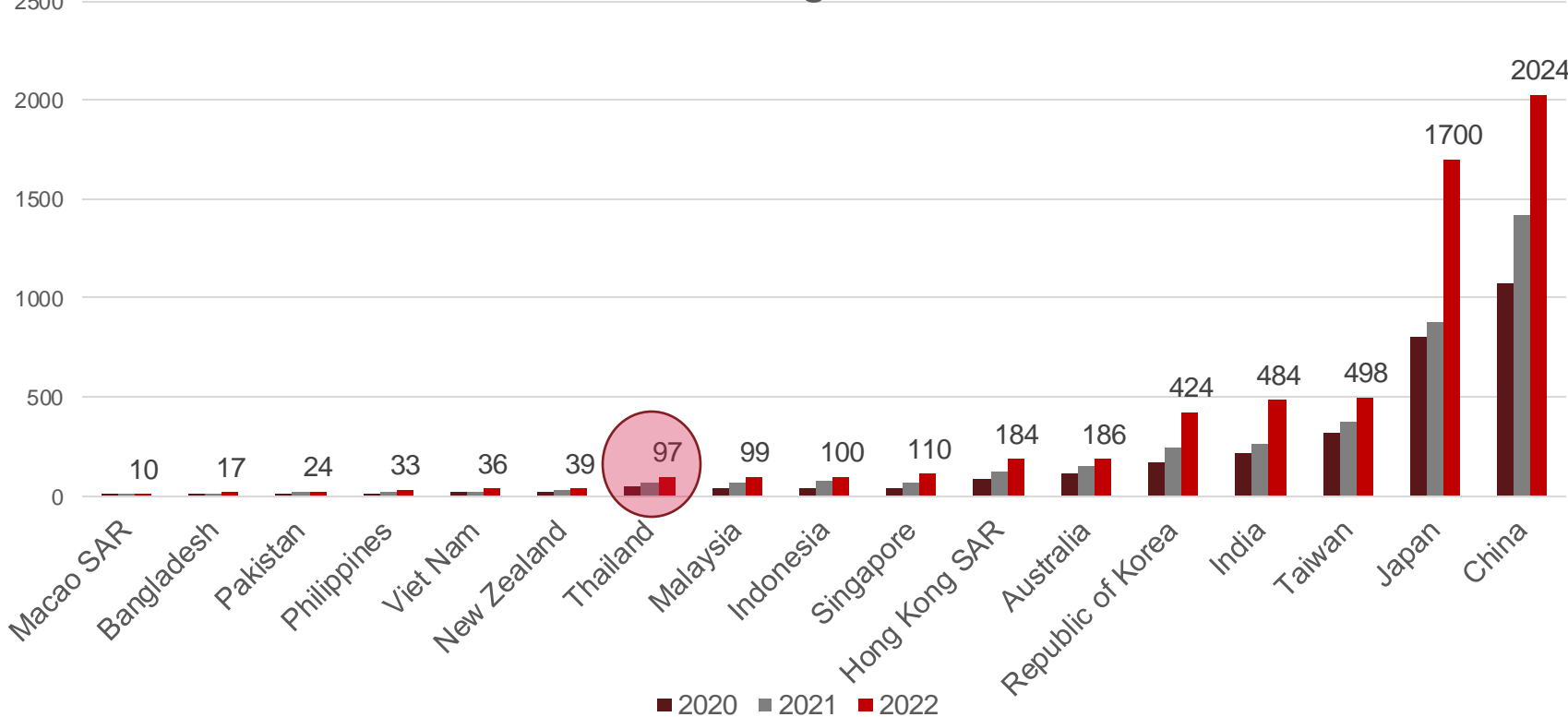


120+ states and regions measured their environmental impacts

6000+ APAC Corporates Disclosure in 2022



2020-2022 Number of APAC Corporate Responded to CDP Climate Change Questionnaires



More than 100% Increase from 2020 to 2022
2020: 3000+
2021: 3800+
2022: 6000+

This report identifies trends and progress of corporate climate commitments across the Asia Pacific region. It shows how companies are preparing for the net-zero economy.

International Sustainability Standards Board (ISSB)



- The IFRS formed the **International Sustainability Standards Board (ISSB)** to develop a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs.
- Inherited leading investor-focused sustainability disclosure standards, including **TCFD, CDSB, SASB, and Integrated Reporting**, and entered into a cooperation agreement with GRI.
- Published two proposed standards – a draft climate standard and a general requirements standard, complete with industry-based requirements



Four strategic focus areas:

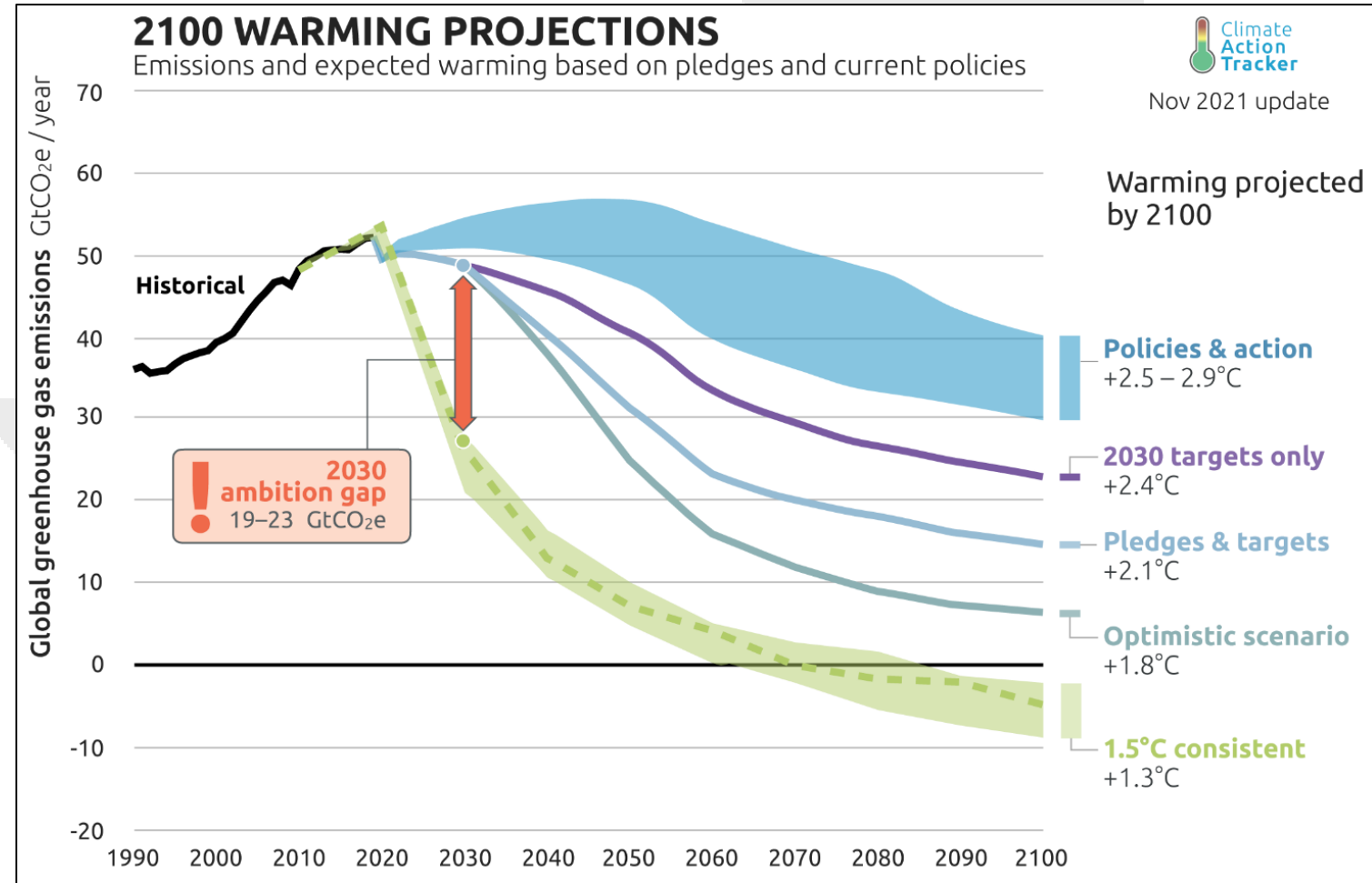
- Investor focus
- Global baseline
- Sustainability scope, starting with climate
- Building on existing frameworks (incl. TCFD)

INTRODUCTION TO TCFD AND REGULATORY TRENDS



Global state of play - emissions

- Carbon emissions continue to rise
- Projected warming of over 4°C of warming by end of the century
- Double the global temperature increase sought by the Paris Agreement
- Annual 7.6% reduction in emissions is required from 2020
- Transition risks to limit warming to 1.5 include policy and regulation, technological advancements and reputational impacts.

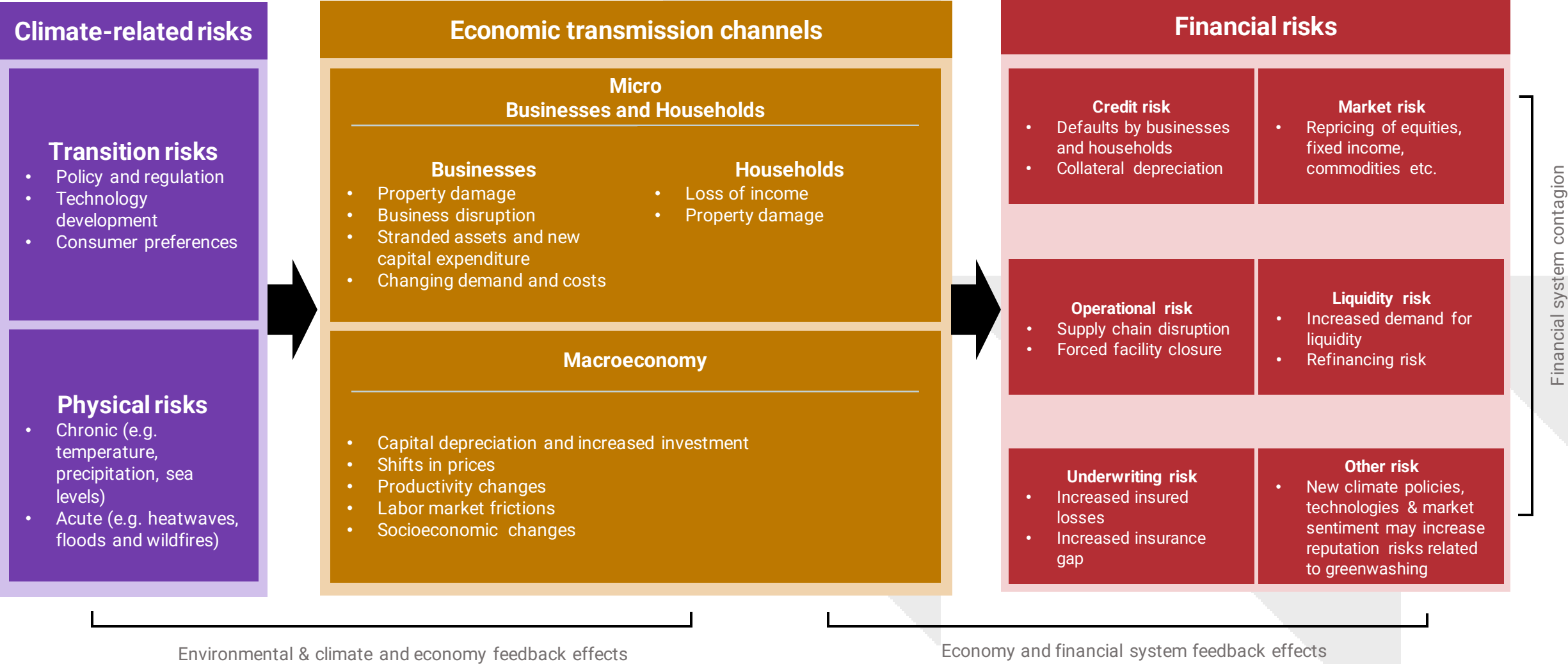


Coordinated policy action – Sustainable Finance



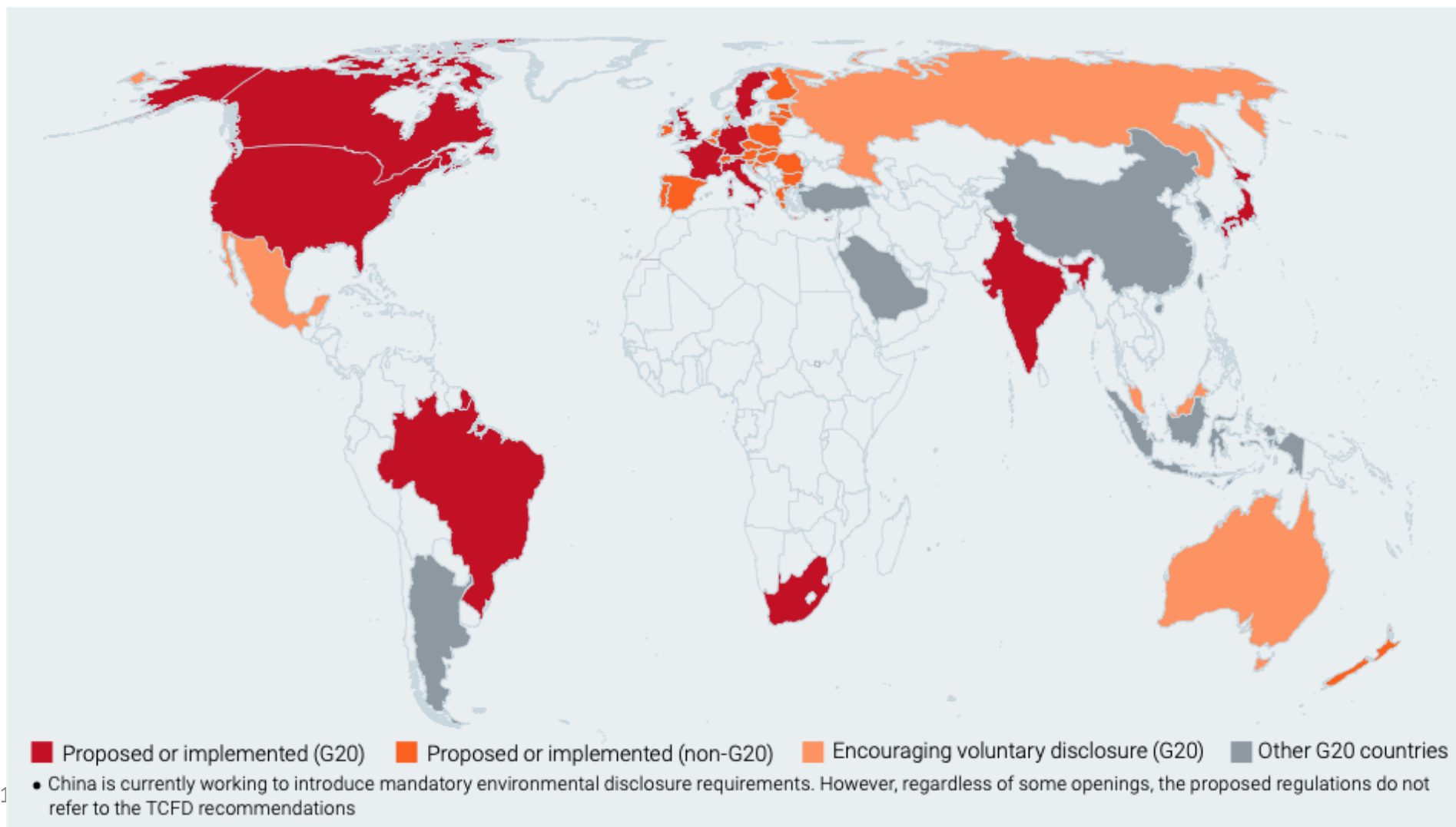
Source: Climate Action in Financial Institutions

Climate Risks to Financial Institutions



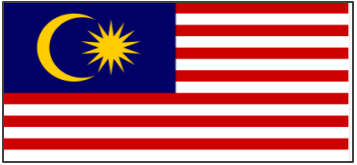
Mandatory Disclosure

As of March 2022, 15 countries and territories have implemented or proposed to implement mandatory, TCFD-aligned climate reporting.



- ▶ 6 ASEAN states have some form of risk disclosure requirements
- ▶ ASEAN Capital Markets Forum has endorsed TCFD reporting

Strengthening Market Demand for TCFD Reporting



Expanding on expectations set by BNM for financial institutions to effectively manage climate and environmental risks includes **improving disclosures in line with the recommendations of TCFD.**

Source: <https://www.ngfs.net/sites/default/files/medias/documents/icwb-nm-final.pdf>



Monetary Authority of Singapore has released a consultation paper on the proposed guidelines on **environmental risk management for banks, asset managers and insurers.**

Source: <https://www.mas.gov.sg/-/media/MAS/News-and-Publications/Consultation-Papers/2020/Consultation-Paper-on-Proposed-Guidelines-on-Environmental-Risk-Management-for-Banks.pdf>



New Zealand first In the world to Require climate risk reporting.... the new regime will be on a comply-or-explain basis, based on the TCFD framework, which is **widely acknowledged as international best practice.**

Source: Sccop Independent News, September 15 2020



The UK Government is making TCFD aligned disclosure **mandatory** across the economy by 2025

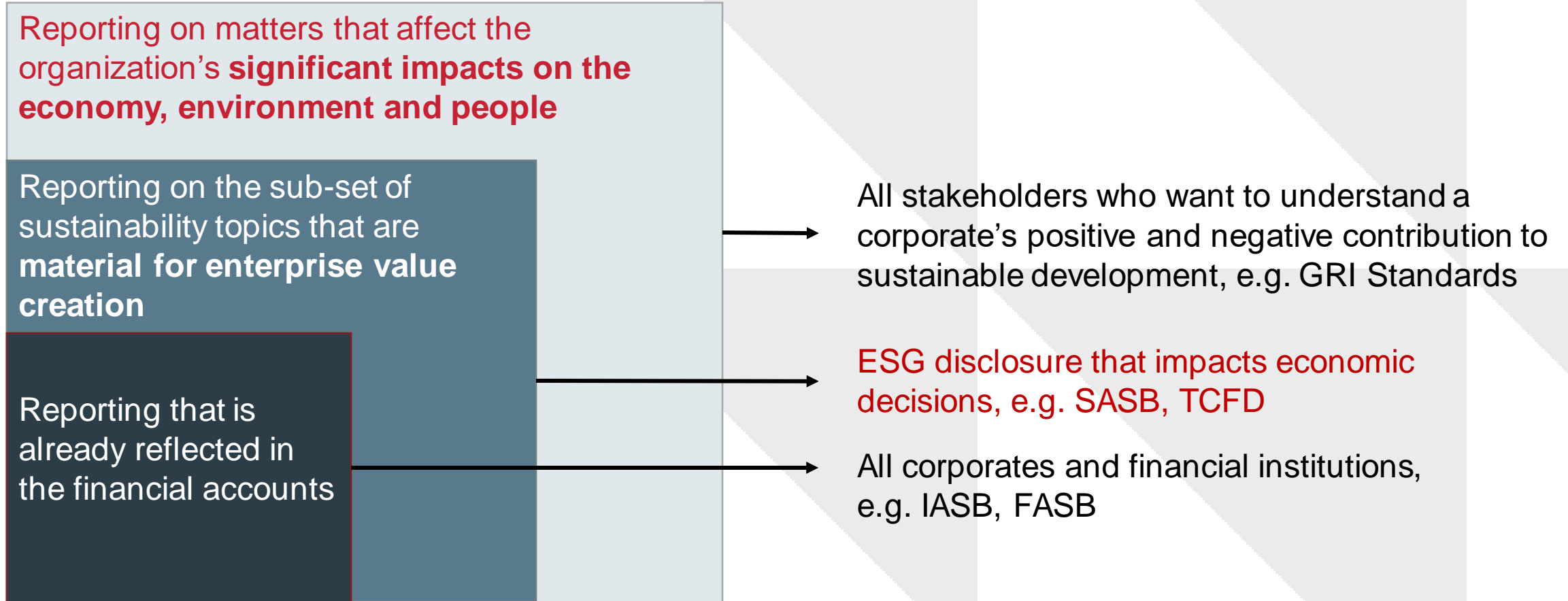
<https://www.gov.uk/government/publications/uk-joint-regulator-and-government-tcf-taskforce-interim-report-and-roadmap>

Strengthening Market Demand for TCFD Reporting



Implementing Agency / Policy	Description of Actions	Year of Action
Bank of Thailand	Issued consultation paper which describes potential policies, such as setting TCFD-aligned financial disclosure standards to effectively manage environmental risks in the financial sector.	2022
Stock Exchange of Thailand (SET)	Issued new Corporate Governance Code requiring companies to disclose operational information covering environmental issues	2017

Financial Accounting, TCFD and ESG



Source: Adapted from CDP, CDSB, GRI, IIRC and SASB. *Statement of Intent to Work Together Towards Comprehensive Corporate Reporting*. September 2020

Financial Accounting, TCFD and ESG



ENTERPRISE RISK MANAGEMENT

Source: Adapted from Committee of Sponsoring Organizations of the Treadway Commission (COSO), TCFD



Governance & Culture

1. Board oversight of climate-related risks & opportunities
2. Management role in assessing climate-related risks & opportunities



Strategy & Objective-Setting

1. Climate-scenario analysis – risks & opportunities over short, medium and long term
2. Impact assessment - business strategy and financial planning
3. Vulnerability assessment & resilience of business strategy over different climate scenarios



Performance

1. Climate risks and opportunities metrics in line with strategy and risk management process
2. Disclosure of GHG emissions: Scopes 1, 2 & 3
3. Performance v/s targets



Review & Revision

1. Process to identify climate-related risks
2. Process to management climate-related risks
3. Process to identify, assess and manage climate-related risks in overall risk management



Information, Communication, & Reporting

1. Standalone TCFD-aligned report
2. Integrated TCFD and financial accounts report



CDP Alignment Against the TCFD Recommendations

Governance		Strategy		Risk Management		Metrics and Targets	
Disclose the organization's governance around climate-related risks and opportunities.		Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.		Disclose how the organization identifies, assesses, and manages climate-related risks.		Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
Governance recommended disclosure		Strategy recommended disclosure		Risk Management recommended disclosure		Metrics & Targets recommended disclosure	
a) Describe the board's oversight of climate related risks and opportunities.	C1.1b	a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.	C2.1a, C2.2b, C2.3, C2.3a, C2.4, C2.4a	a) Describe the organization's processes for identifying and assessing climate-related risks.	C2.1, C2.2, C2.2a, C2.2b, C2.2c, C2.2f	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	C4.2, C4.2a, C4.2b,
b) Describe management's role in assessing and managing climate related risks and opportunities	C1.2, C1.2a	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	C2.3a, C2.4a, C2.5, C2.6, C3.1, C3.1c, C3.2a, C3.3, C3.4, C3.4a	b) Describe the organization's processes for managing climate related risks.	C2.1, C2.2, C2.2c, C2.2d, C2.2f	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	C6.1, C6.3, C6.5
		c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	C3.1a, C3.1d, C3.2, C3.2a	c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.	C2.1, C2.2	c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.	C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b

OVERVIEW OF TCFD RECOMMENDATIONS AND KEY CONCEPTS

Climate Action, the Paris Agreement, and CDP



Source: United Nations, FSB, TCFD



TCFD Recommendations

Overview

- Initially voluntary
- Report climate-related financial disclosures in the annual financial filings (mainstream report)
- Financial sector & high risk non-financial sectors
- Transition risks & physical risks (and opportunities)
- Forward-looking information & scenario analysis
- Short-term, medium-term & long-term
- Qualitative & quantitative disclosures



TCFD Recommendations

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Governance recommended disclosures	Strategy recommended disclosures	Risk Management recommended disclosure	Metrics & Targets recommended disclosures
a) Describe the board's oversight of climate related risks and opportunities.	a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate related risks and opportunities	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks
	c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.

Who should disclose?

“the Task

*Force **recommends all organizations with public debt or equity** implement its recommendations.*

*Because climate-related issues are relevant for other types of organizations as well, the Task Force **encourages all organizations** to implement these recommendations”*

Supplemental
guidance
developed for
selected
groups

Financial sector

Banks
Insurers
Asset Owners
Asset Managers

Non-financial sector

Energy
Transportation
Materials and Buildings
Agriculture, Food and
Forest Products

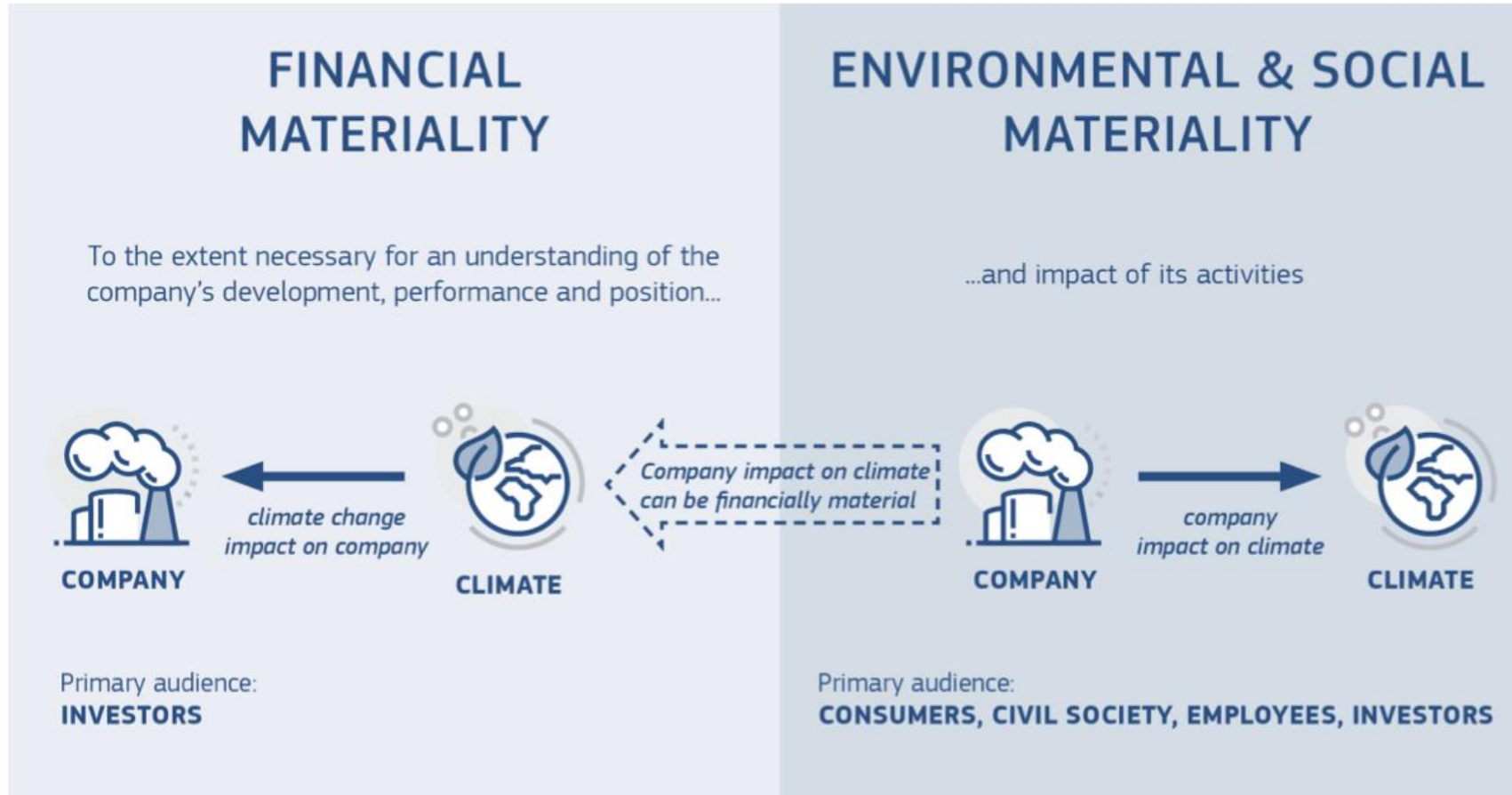
Where should you disclose?

- Disclosure should be provided in the **mainstream report**, also referred to as the annual report, registration document, 10-K.
- Intention was **not for separate TCFD statements** or additional sustainability reporting.
- Integrated into reporting and **connected to financial information.**
- Subject to the same **governance processes** and sign off as the financial report
- Accessible to **investors** as primary users

*“The Task Force recognizes the challenges associated with measuring the impact of climate change, but believes that by moving climate-related issues into **mainstream annual financial filings**, practices and techniques will evolve more rapidly.”*

Materiality

TCFD,
IFRS, most
authorities



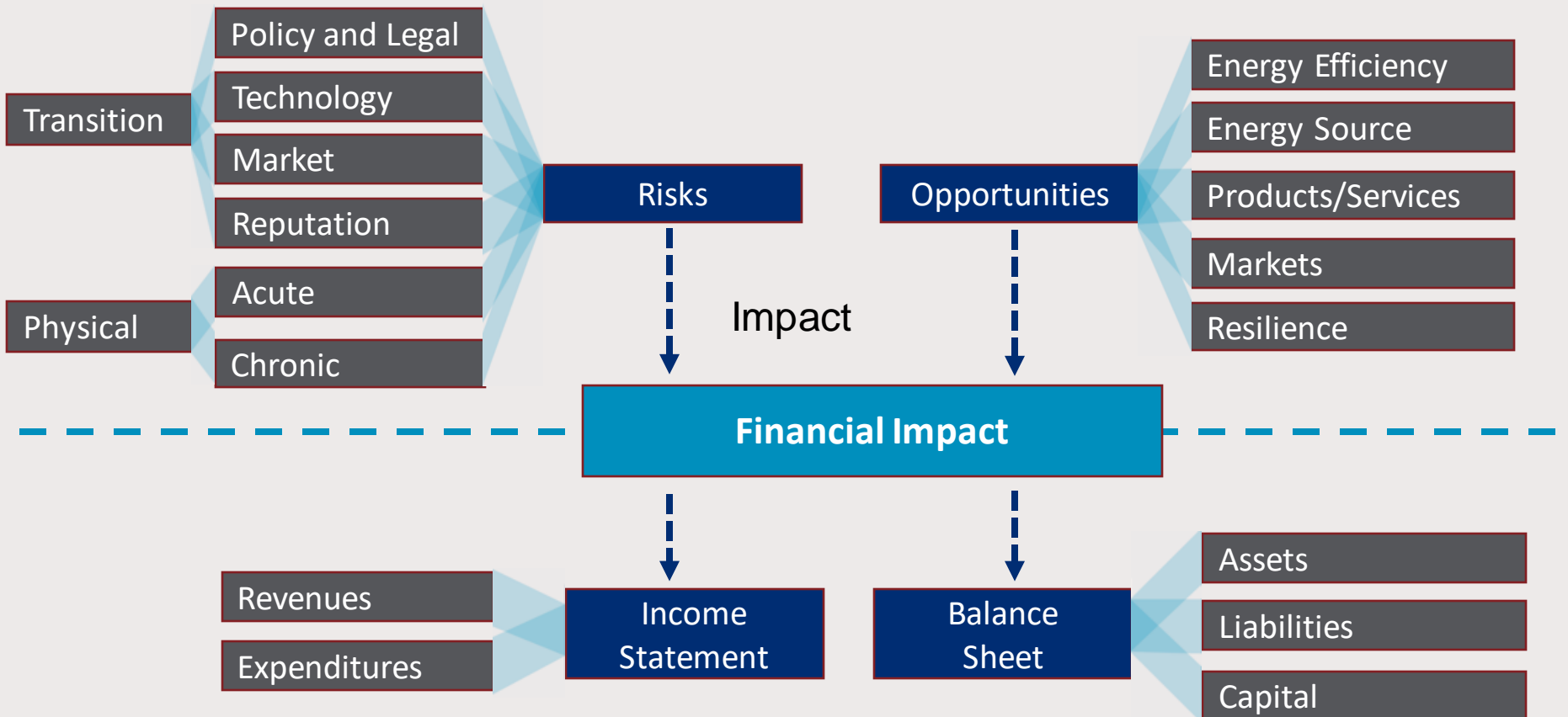
CDP, GRI, the European Union, Switzerland, NGFS (biodiversity), Bursa Malaysia, Bank Negara Malaysia

Source: European Commission *Guidelines on reporting climate-related Information*

Linking climate data and financial data

Figure 1

Climate-Related risks, opportunities, and financial impact



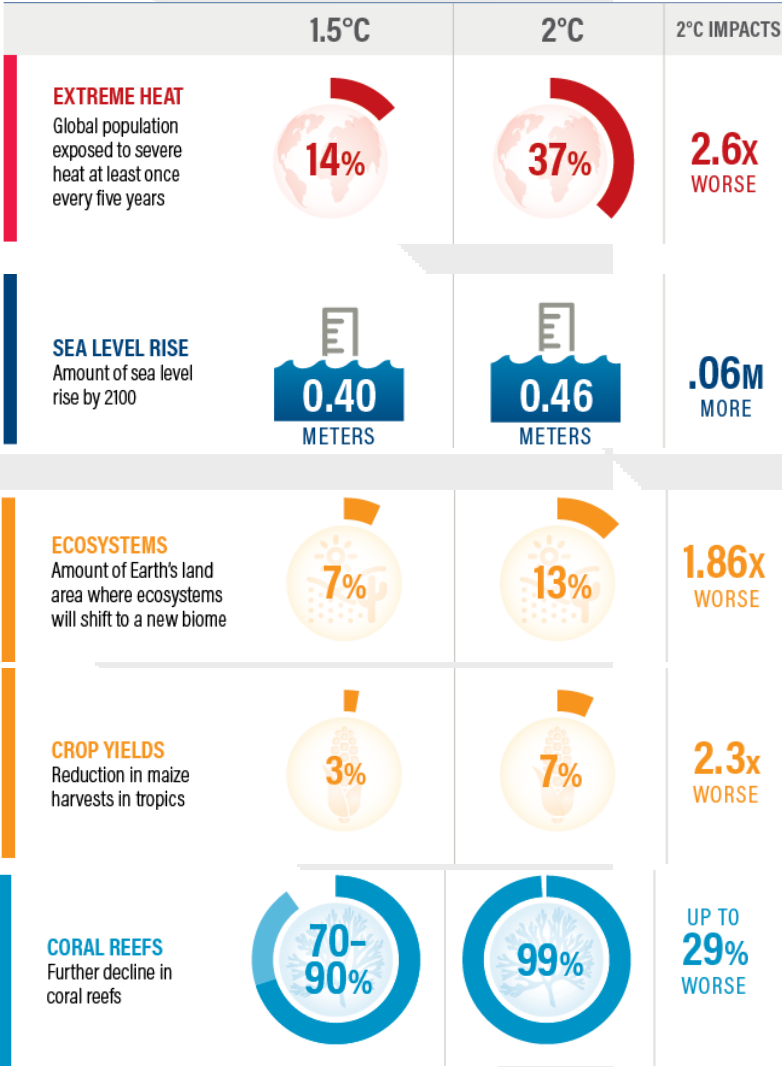
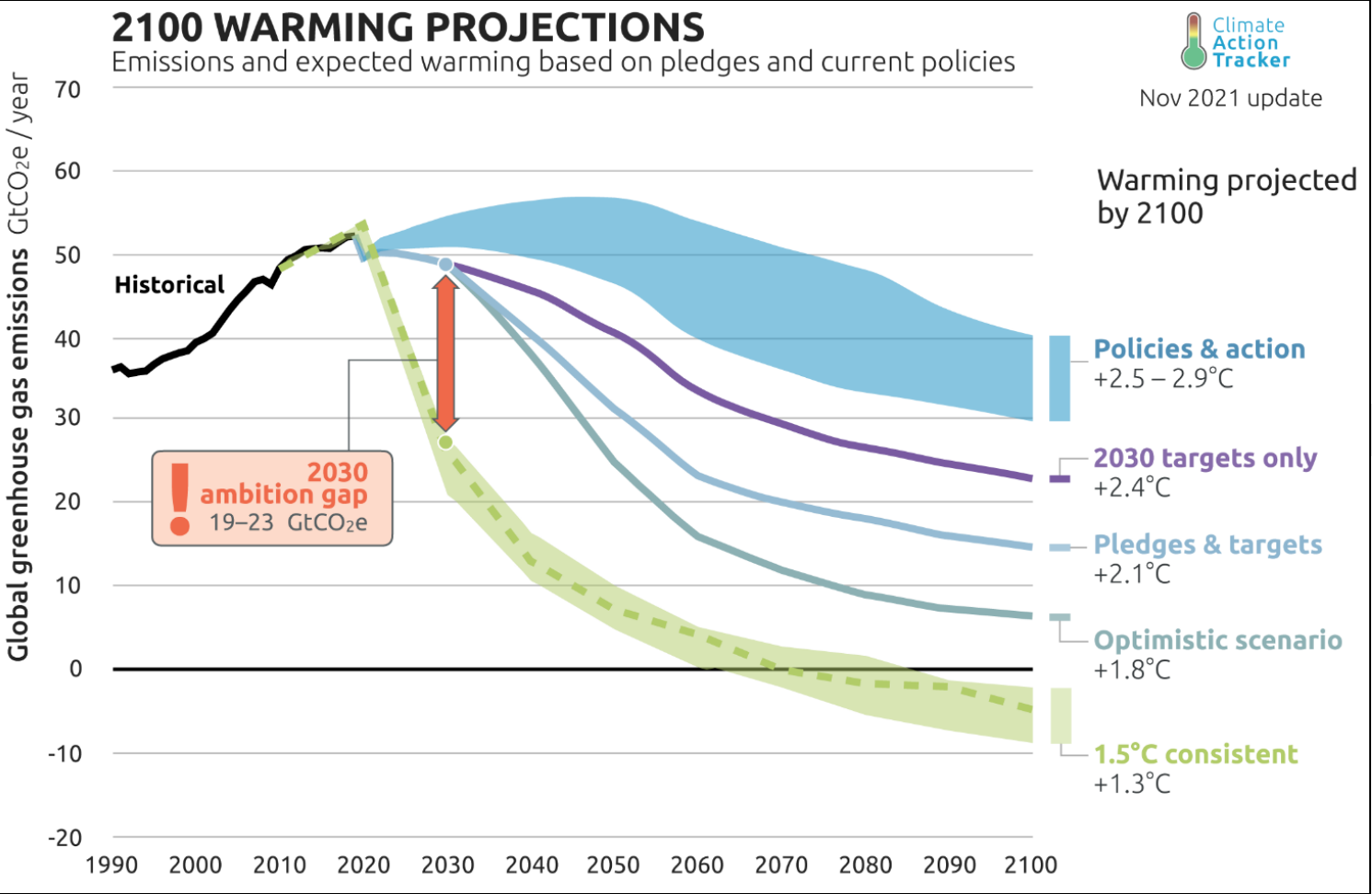
Scenario analysis: a tool for forward-looking disclosure

Scenario analysis – a tool for developing strategic plans that are flexible or robust against a range of plausible future states.

- Explore **alternatives** that may significantly alter the basis for “business-as-usual” assumptions.
- A scenario describes a **pathway** of development leading to a particular **outcome**.
- Scenario analysis is a **tool to enhance critical strategic thinking** and should be understood as narratives based on multiple scenarios.
- What is important is not credibility of the results of analysis, but the **responses to the expected futures**.

Scenario analysis is not intended to be a prediction of future performance.

Climate scenarios

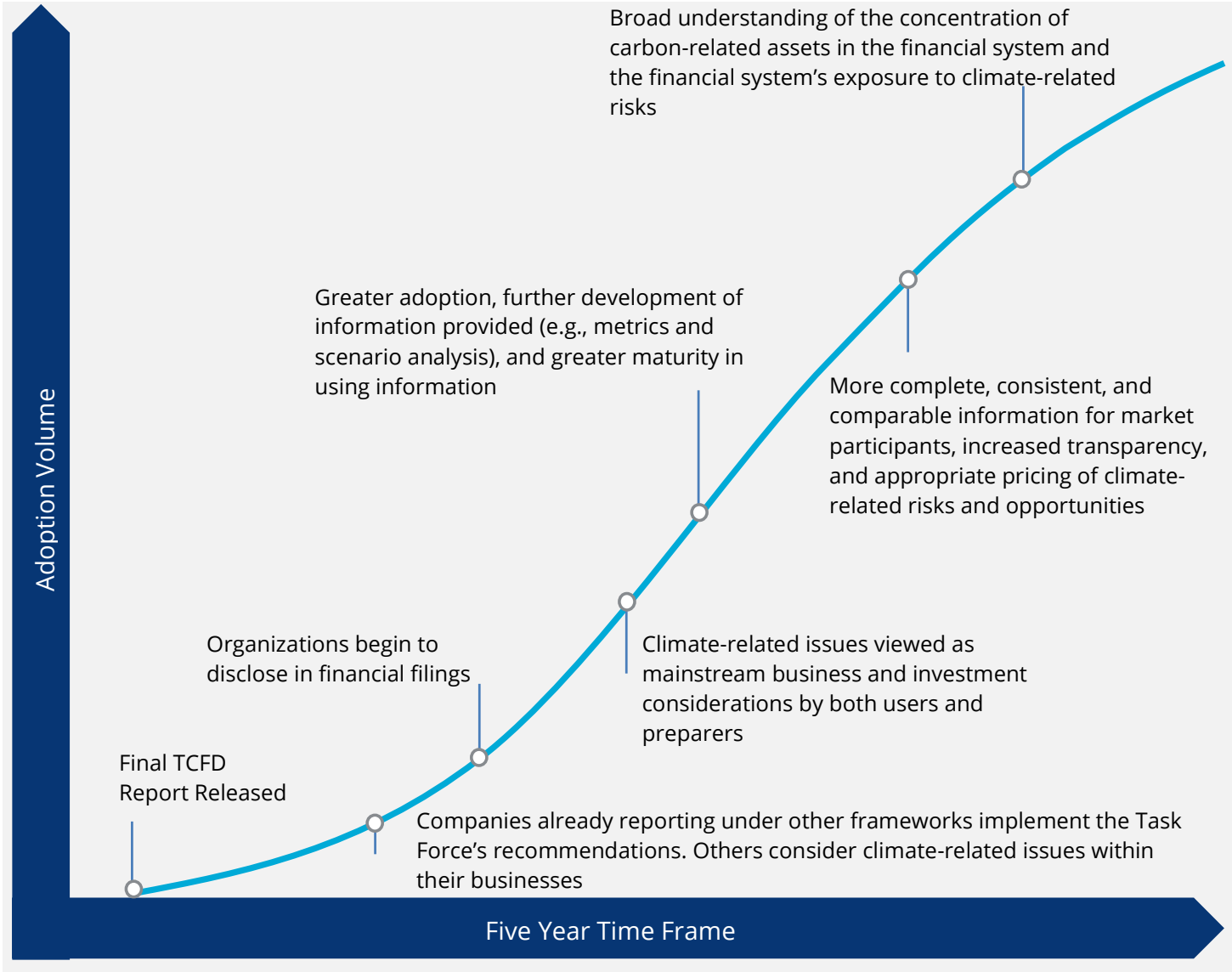


Types of Climate-related Risks

	Transition risk	Physical risk
1.5°C scenario	<ul style="list-style-type: none">• An “orderly” transition.• Increase of international and national climate policy, including carbon tax.• Significant changes in the energy mix and infrastructure.• New green technologies.	<ul style="list-style-type: none">• Increased temperature and changes in wind patterns leading to increased wildfire.• Sea level rise of 0.40m leading to increased flooding and storm surges in coastal areas.
3.4°C scenario	<ul style="list-style-type: none">• A “disorderly” and rapid transition.• Some international and national climate policy (no change).• Slower changes to the energy mix and infrastructure.• Price of raw materials increases.	<ul style="list-style-type: none">• Significant melting of ice in the Arctic.• Reduction in crop yields from extreme temperatures.• Sea level rise of above 0.50m leading to more significant flooding and storm surges in coastal areas.

i The assumptions and outcomes will also differ depending on the time horizons.

TCFD Implementation Path (illustrative)



TCFD 2021 Status Report



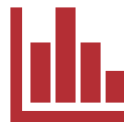
Key findings (full report available [here](#))



2,600+ companies and financial institutions support the TCFD, spanning 89 countries and jurisdictions, with a combined market capitalization of over \$25 trillion – a 99% increase since 2020.



Disclosure of climate-related financial information has increased, but continuing progress is needed.



Of companies using scenarios, the majority do not disclose information on the resilience of their strategies.



Expert users find the impact of climate change on a company's business and strategy as the “most useful” for decision-making.

Q&A



BREAK



DIVE INTO TCFD RECOMMENDATIONS WITH CASE STUDIES



Ms Elizabeth Lo

Senior Corporate Engagement Officer

CDP Southeast Asia and Oceania



Ms Kelly So

Corporate Engagement Officer

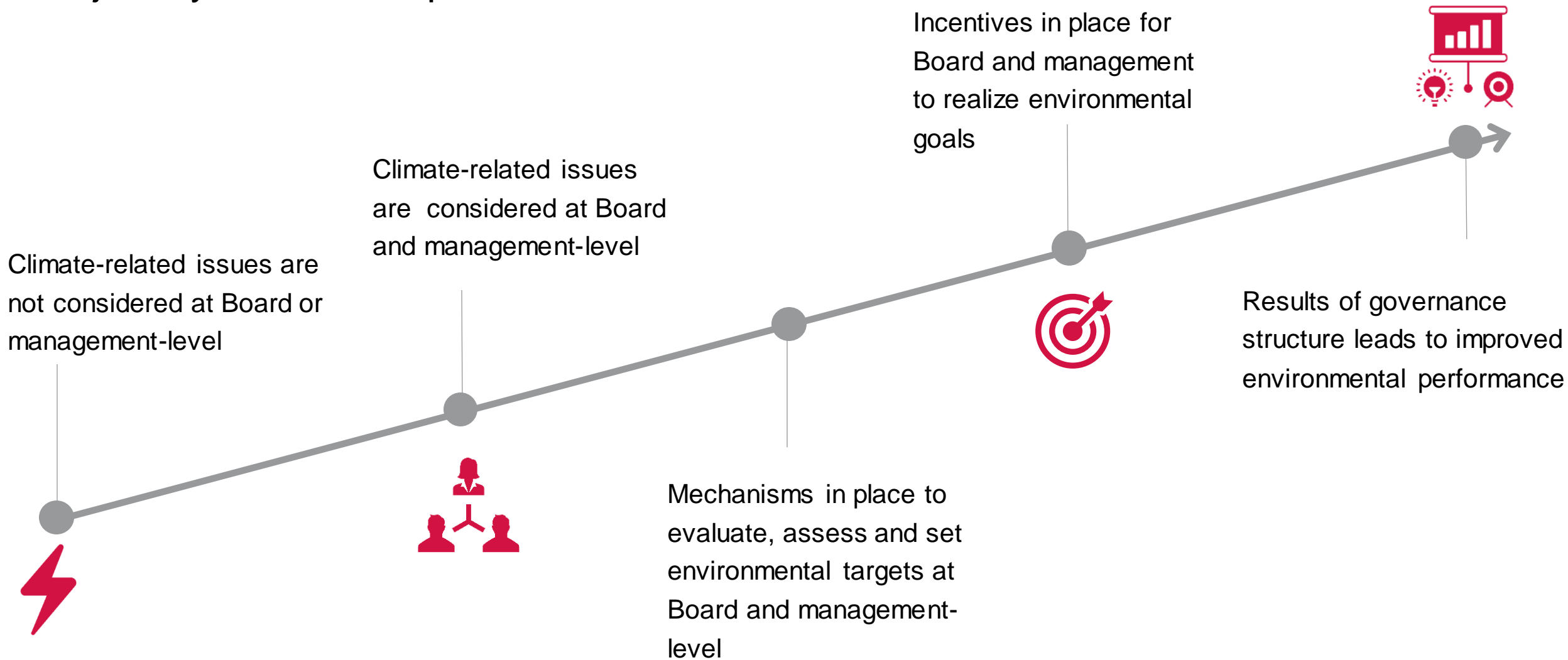
CDP Southeast Asia and Oceania

GOVERNANCE



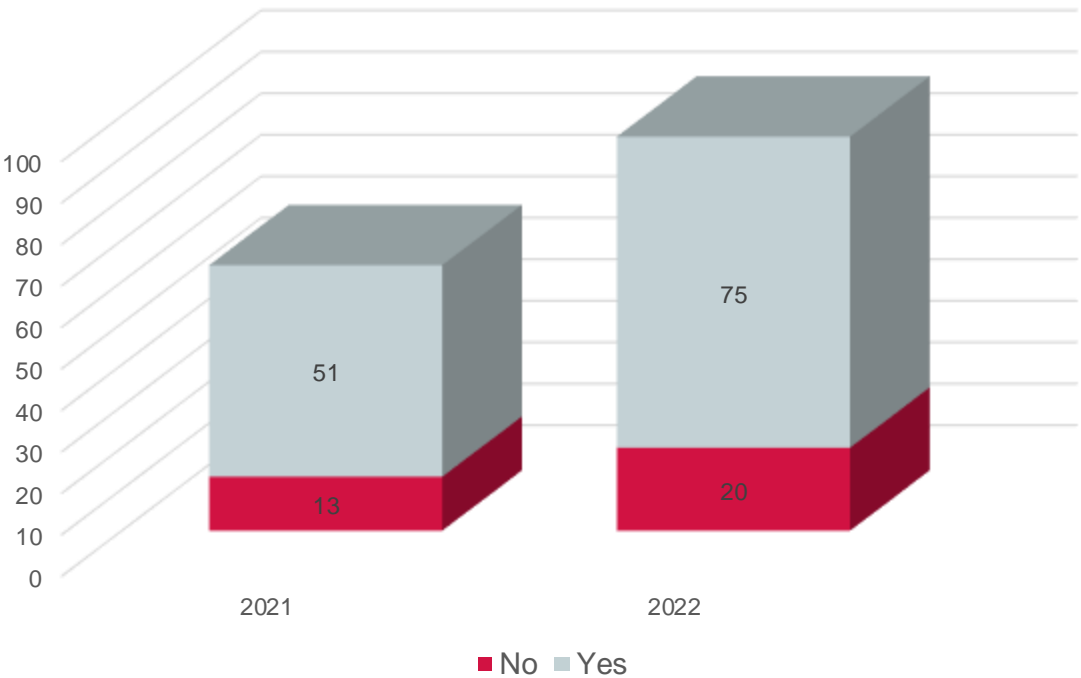
Governance

Trajectory to leadership



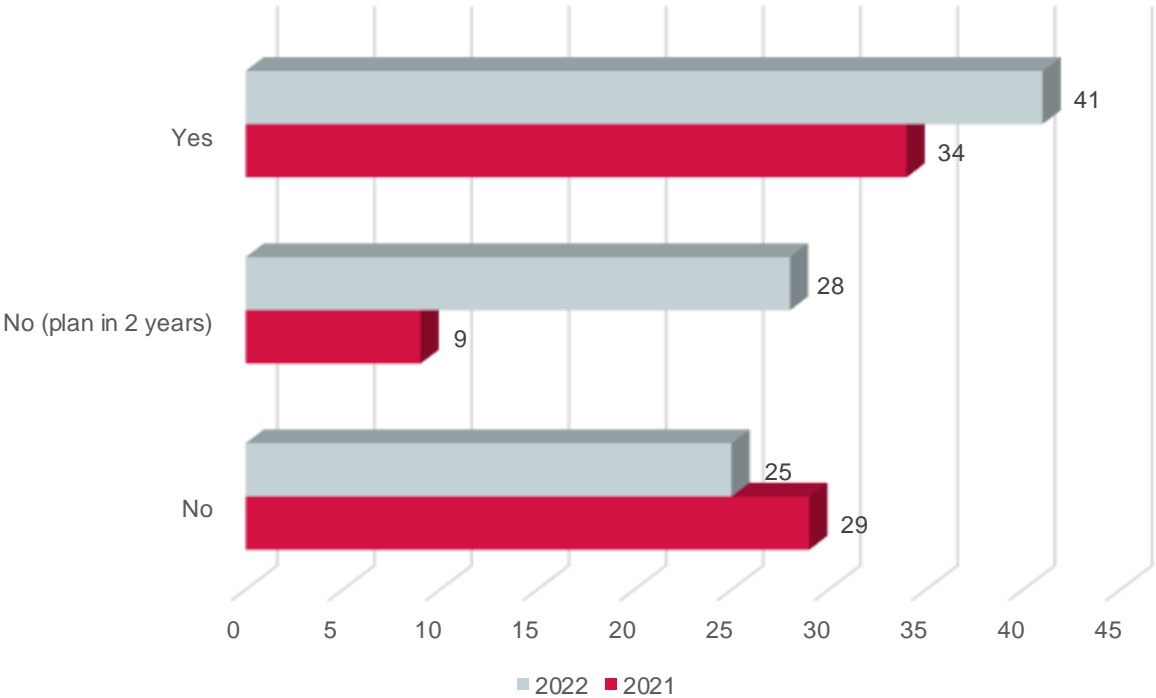
Climate Governance around climate-related risks and opportunities

Is there board-level oversight of climate related issues within your organisation?



12% increase in the number of Thai companies having Board Level Oversight over climate issues

Provision of climate related incentives by companies



For **two consecutive years**, the number of companies without incentives are slightly greater than companies with incentives

Understand your governance structure

Disclose the organization's governance around climate related risks and opportunities.

Recommended Disclosures

- a) Describe the board's oversight of climate-related risks and opportunities.
- b) Describe management's role in assessing and managing climate-related risks and opportunities.

CDP questionnaire:

(C1.1) Is there board-level oversight of climate-related issues within your organization?

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

(C1.1b) What are their responsibilities?

Response details

- ▼ Frequency with which climate-related issues are a scheduled agenda item
- ▼ Governance mechanisms which incorporate climate change considerations
- ▼ Incentives for achieving climate-targets

Integrate climate issues into governance – guiding principles



Climate considerations should be effectively integrated into board committee structures



Board member(s) responsible for climate change issues should be in positions that will allow them to influence board decisions (e.g. committee chairs)



The way climate considerations are embedded into the organization, should allow for effective interaction with relevant members of executive management

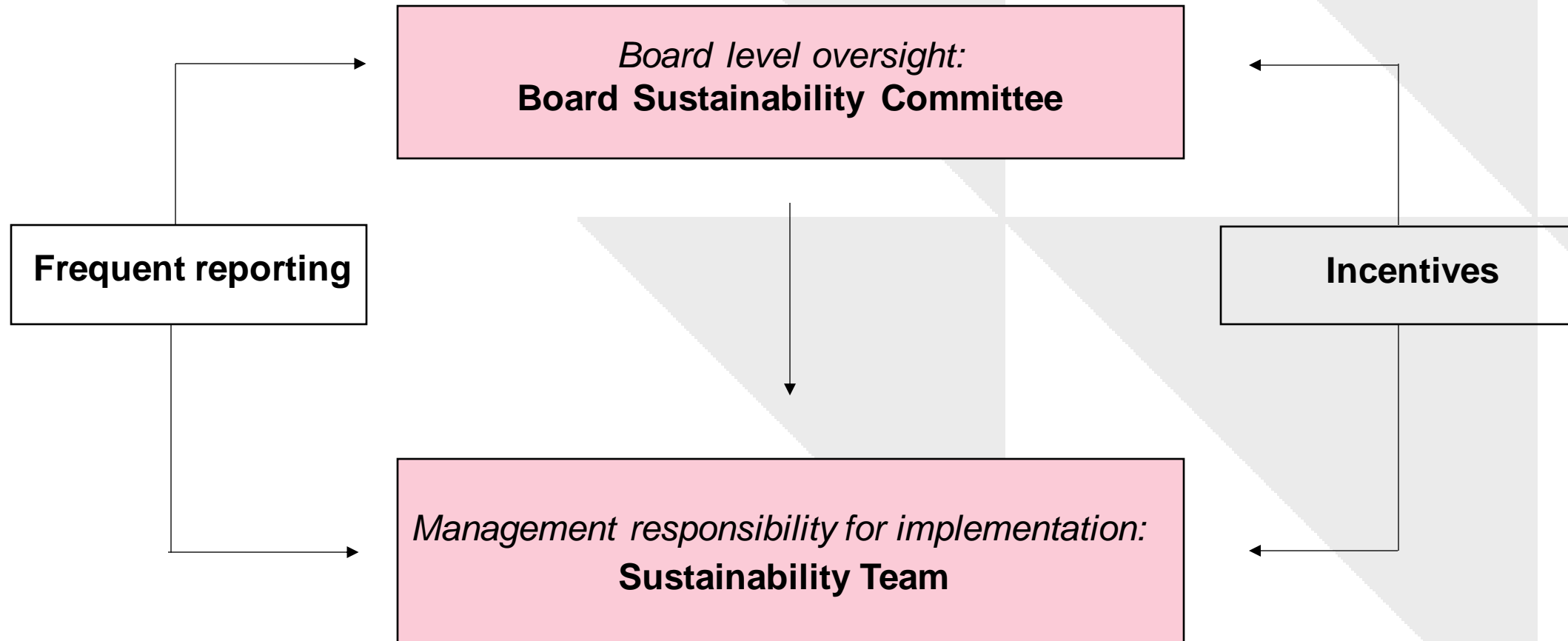


Climate targets and/or goals should be integrated into management's incentivization model and should not be contradictory to other incentives

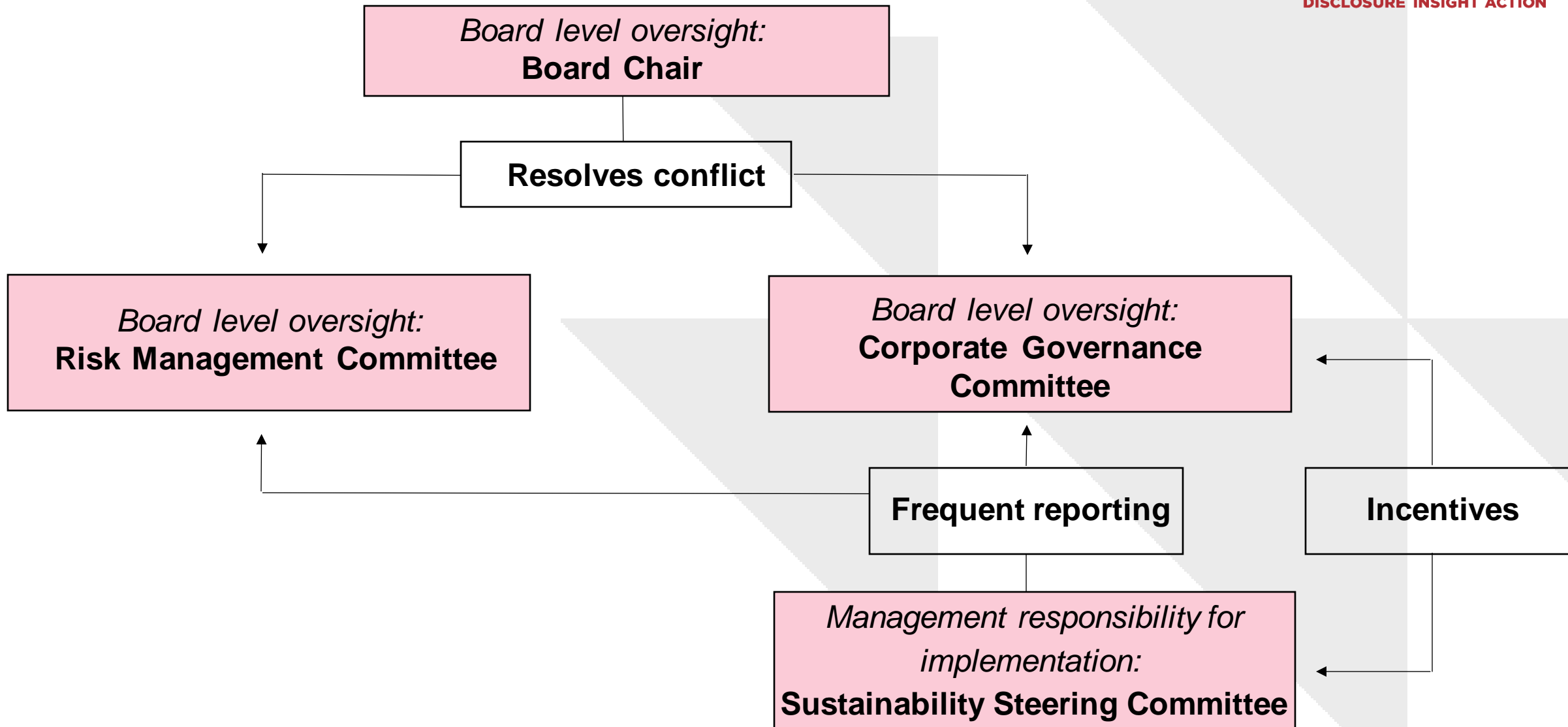


The board should have the necessary expertise and skills to oversee climate-related issues

Case study – dedicated approach



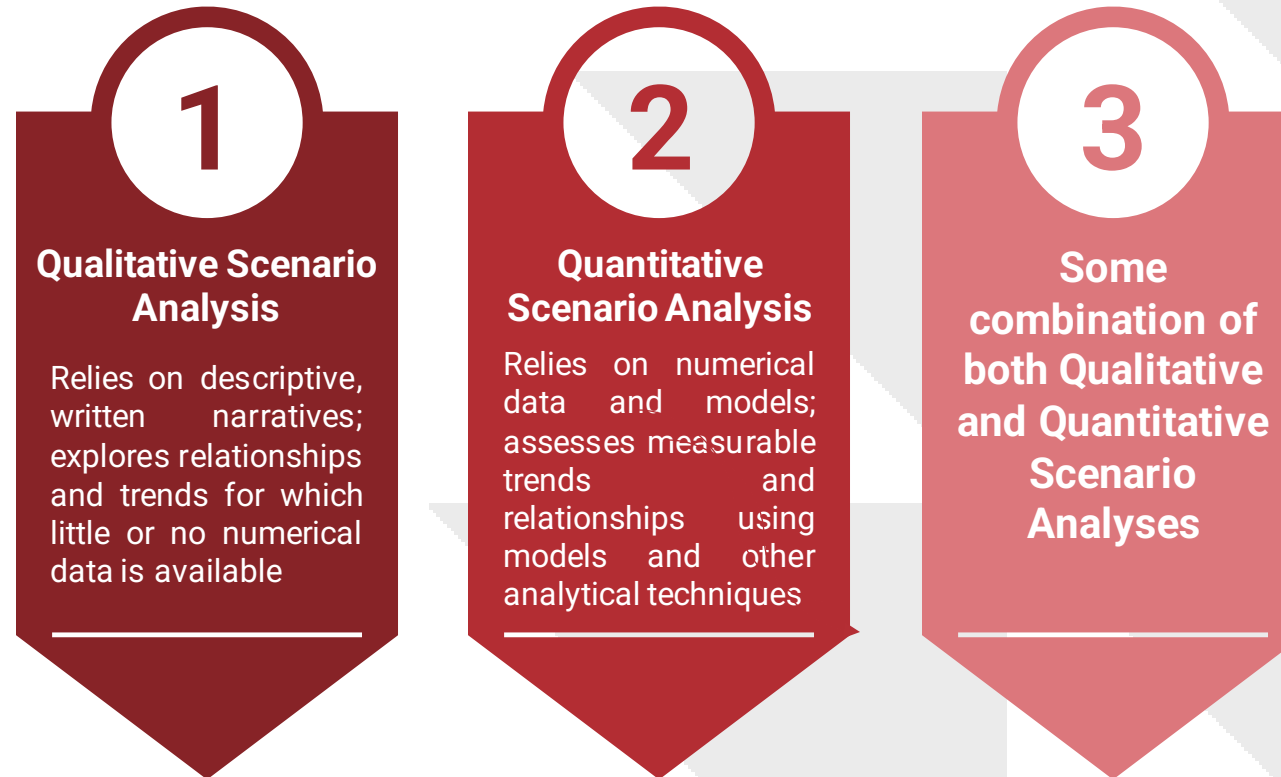
Case study – integrated approach



CLIMATE SCENARIO ANALYSIS



Scope of application and approach



Value chain stages covered:

Entire value chain, or direct effects on specific business units / operations

Select at least 2 scenarios, including a 2°C scenario

High Contrast	<ul style="list-style-type: none">• Smooth and orderly transition• Transition based on known technology and policy developments• Disorderly transition
Balanced	<ul style="list-style-type: none">• Considers both physical and socio-economic impacts of climate change
Science-based	<ul style="list-style-type: none">• Data projections should be based on scientific analysis e.g. research findings and model simulation
Comparable	<ul style="list-style-type: none">• Scenarios used should be applied widely and consistently over time

Publicly available, temperature-based scenarios

Sectoral focus

- IPCC – most sectors
- PRI IPR – energy, agriculture and land use

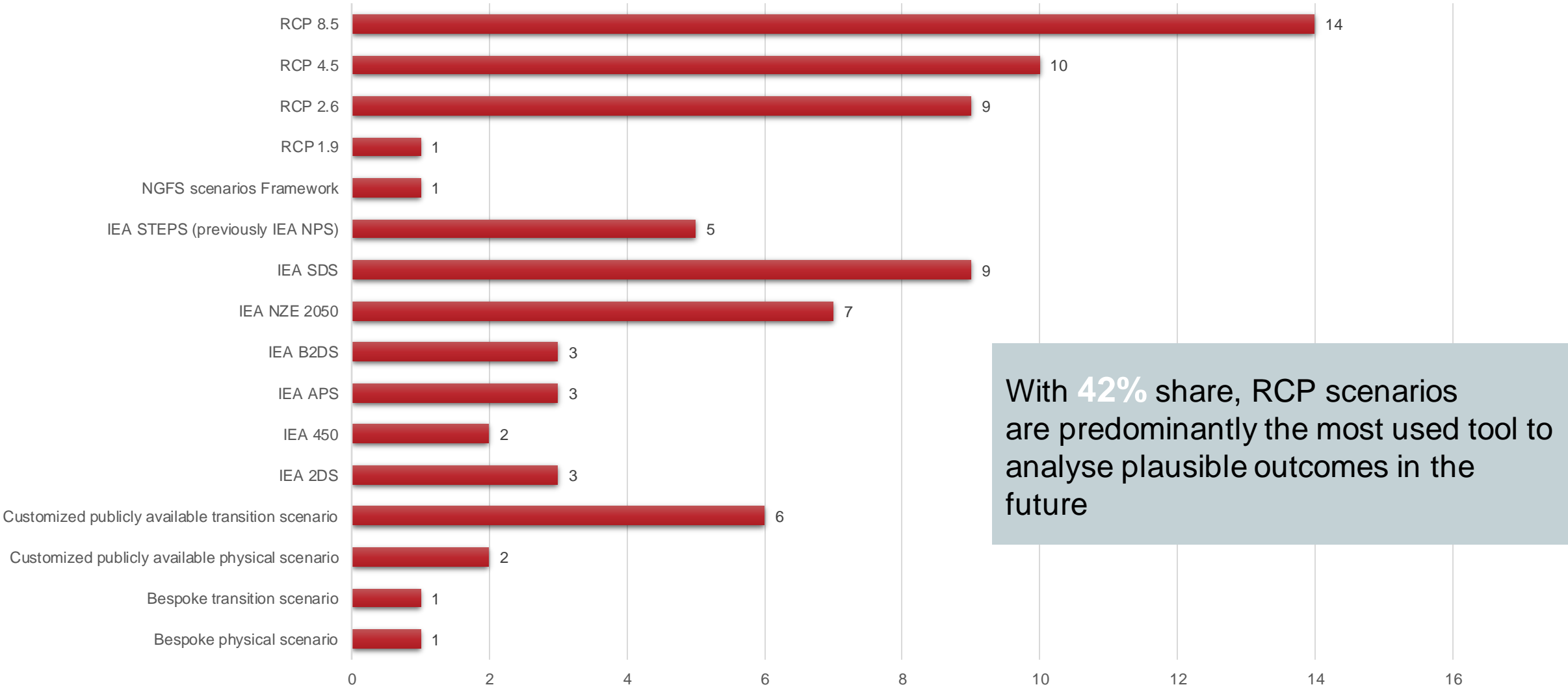
Driving datasets & assumptions

- Discount rate
- Carbon price
- Energy demand and mix
- Commodity price
- Macroeconomic variables
- Demographic variables
- Efficiency
- Geographical context
- Technology
- Policy
- Climate sensitivity assumptions

Breakdown of scenarios used by companies



CC Scenarios 2022



Assess exposure to physical & transition risks

Exposure to transition risks

- Particularly relevant for **resource-intensive** sectors with high GHG emissions within their value chains
- Policy actions, technology or market changes aimed at emissions reductions, energy efficiency, subsidies or taxes may have a particularly direct effect

Exposure to physical risks

- Particularly relevant for sectors **exposed to acute or chronic physical risks**
- Companies with long-lived, fixed assets, locations or operations in climate-sensitive regions, great reliance on availability of water may be impacted to a larger extent



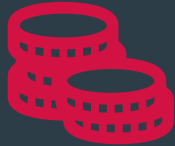
However, all sectors will be exposed to risk. As a systemic risk factor, it is important for ALL companies to consider what other sectors or infrastructure they are reliant on

Assess business impacts & effects

Earnings



Costs



Revenues



Assets



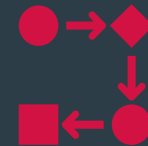
**Capital allocation
/ Investments**



Timing



Responses



**Business
interruption**



Case study – real estate

Risk type(s)	Is it relevant?	Reason	Impact	Response
Legal and reputational risks	Yes	<p>According to a “business-as-usual” (RCP8.5) scenario, global sea levels could rise to 1.1m by 2100. Our country has also seen heavier rainfall leading to flash floods.</p> <p>We develop and manage properties located in low-lying areas, and flooding risks opens us to possible litigations against property damages from our tenants and buyers for failure to design and protect buildings against floods.</p>	Such litigation claims could open our company up to unexpected financial loss and reputational impacts.	<p>Implemented stringent EHS risk assessments throughout building lifecycle, including flooding risks.</p> <p>Mitigation measures such as building features to retain and control stormwater runoff are implemented for existing, high flood-risk buildings.</p>

CLIMATE-RELATED RISKS



Limitations/ Challenges for Companies to Conduct Climate-related Risk Assessment

- ▼ Limited knowledge of climate-related risks
- ▼ Tendency to focus on near-term risks
- ▼ Difficulty quantifying climate-related risks

Climate-related Risks

Physical Risks

Risks related to the physical impacts of climate change

Transition Risks

Risks related to the transition to a lower-carbon economy

Physical Risks

Acute Risks

- acute physical risk: event-driven, including increased severity of extreme weather events



Storms & Hurricane



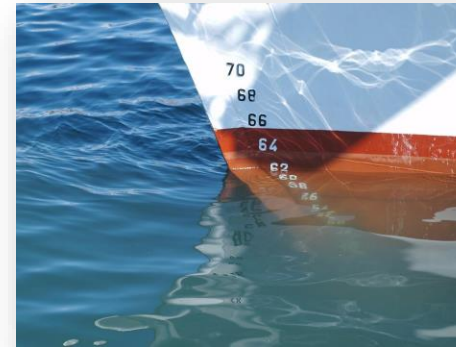
Droughts



Flood

Chronic Risks

- Chronic physical risk: long-term shifts in climate patterns (e.g. higher temperatures)



Sea level rise

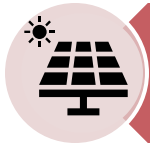


Chronic heat wave

Transition Risks



Policy and Legal Risk



Technology Risk



Market Risk



Reputation Risk

Transition Risks

Policy and Legal Risk

- Policy actions to promote adaption to climate change (e.g. carbon-pricing mechanism, sustainable land-use practices)
- Litigation or legal risks (e.g. failure of organizations to mitigate impacts of climate change)

Technology Risk

- Technological improvements or innovations that support the transition to a lower-carbon, economy (e.g. renewable energy, battery storage, carbon capture and storage)

Market Risk

- Shifts in supply and demand for certain commodities, products, and services

Reputation Risk

- Customer or community perceptions of an organization's contribution to or detraction from the transition to a low-carbon economy

CLIMATE RISK MANAGEMENT



CDP Main Questions – Climate-related Risk Assessment

- ▼ (C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?
- ▼ (C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.
- ▼ (C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?
- ▼ (C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Climate Risk Management

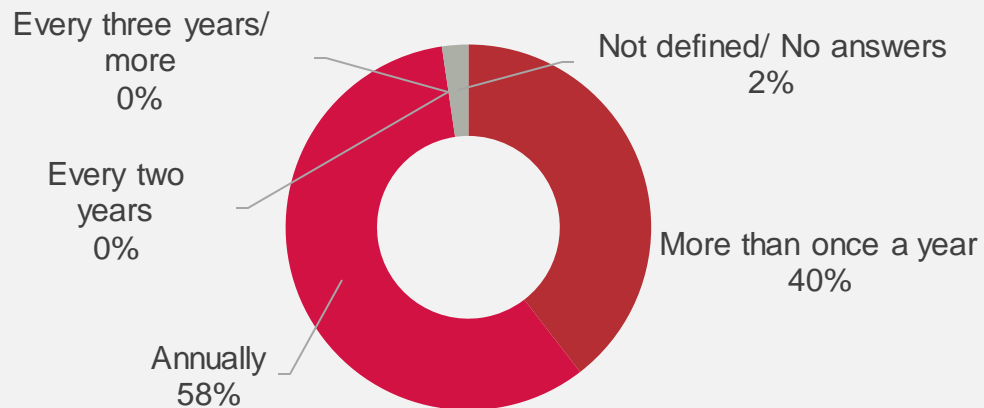
Among the 2022 Thai corporates

72% have a process for assessing and managing climate-related risks and opportunities

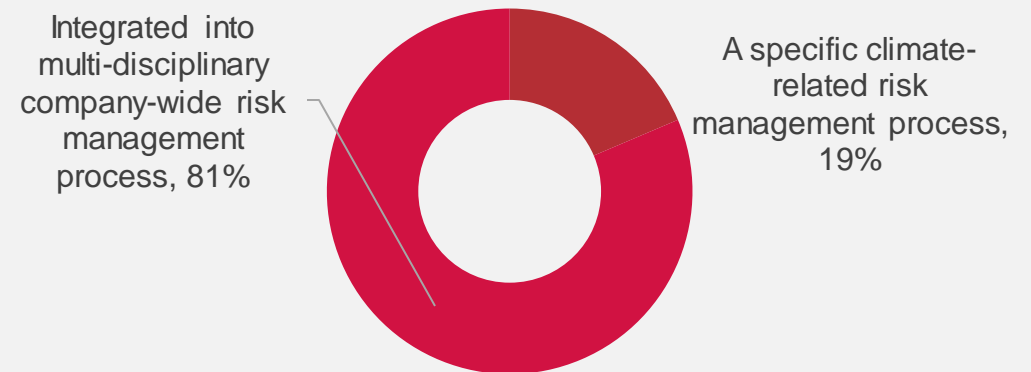
34% integrate climate risk assessments into company-wide risk management processes

Among those who have risk management process in place

Frequency of Climate-related Risk Assessment



Climate-related Risk Assessment Process

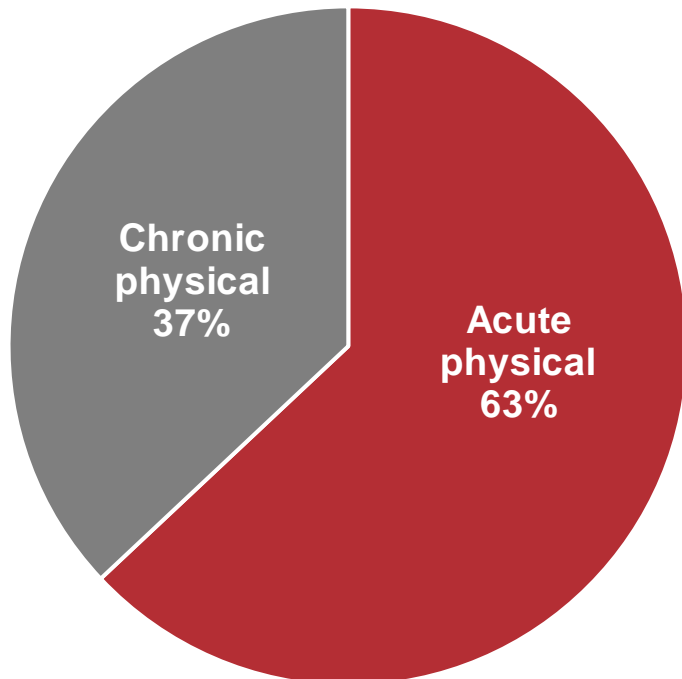


Over **1/2** of Thai companies identified climate risks that can have a substantive impact on their businesses

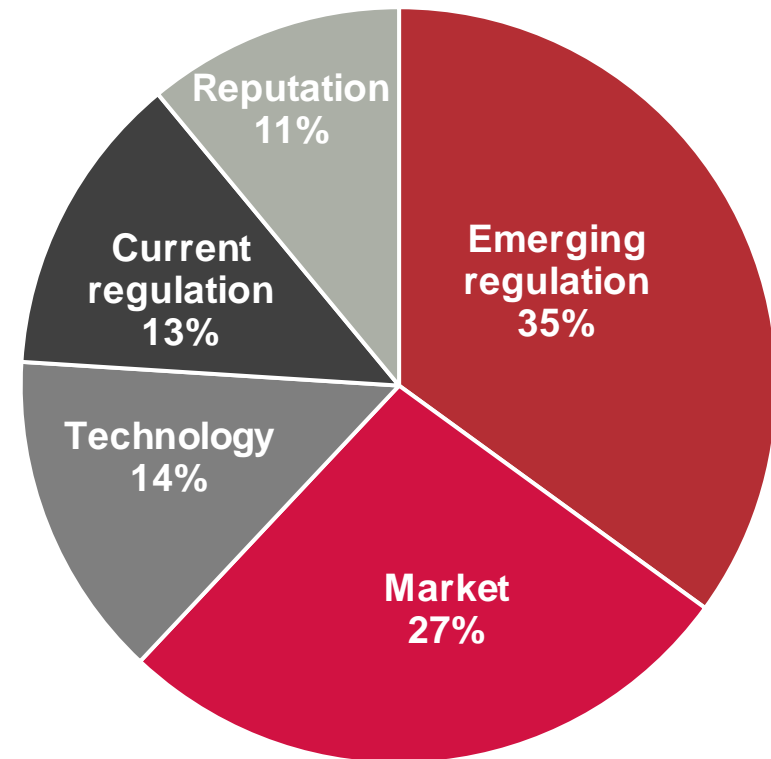
36% Physical Risks

64% Transition Risks

Physical Risks



Transition Risks



Enterprise Risk Management

Applying enterprise risk management to environmental, social and governance-related risks



Identify risk



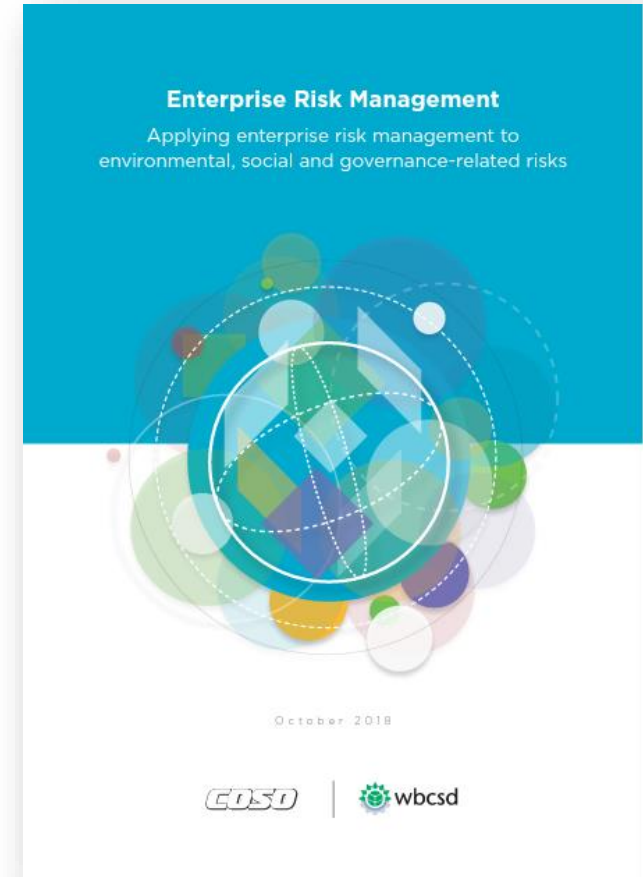
Assesses and prioritizes risks



Implements risk responses



Review and revision



Risk Identification

Understand the internal and external environment



Build a climate risk inventory



Review and revise the climate risk identification approaches and climate risk inventory

Common approach

- industry and peer review
- megatrend analysis
- stakeholder engagement
- materiality assessment
- SWOT analysis
- impacts and dependency mapping

Risk Identification

Understand the internal and external environment



Build a climate risk inventory



Review and revise the climate risk identification approaches and climate risk inventory

How to build a climate risk inventory

- Define the criteria for including any climate risks in the inventory
- E.g. any climate risks that present potential impacts on the business strategy, objectives, and performance
- Provide precise description of the climate risks identified and the drivers of the risks

Risk Identification

Understand the internal and external environment



Build a climate risk inventory



Review and revise the climate risk identification approaches and climate risk inventory

How to review and revise

- Stay alert to internal and external changes in the business context
- Monitor whether new climate risks have merged or substantially changed
- Consider whether the current risk identification approach is still the most appropriate when new approaches or data becomes available

Case Study – Climate Risk Identification

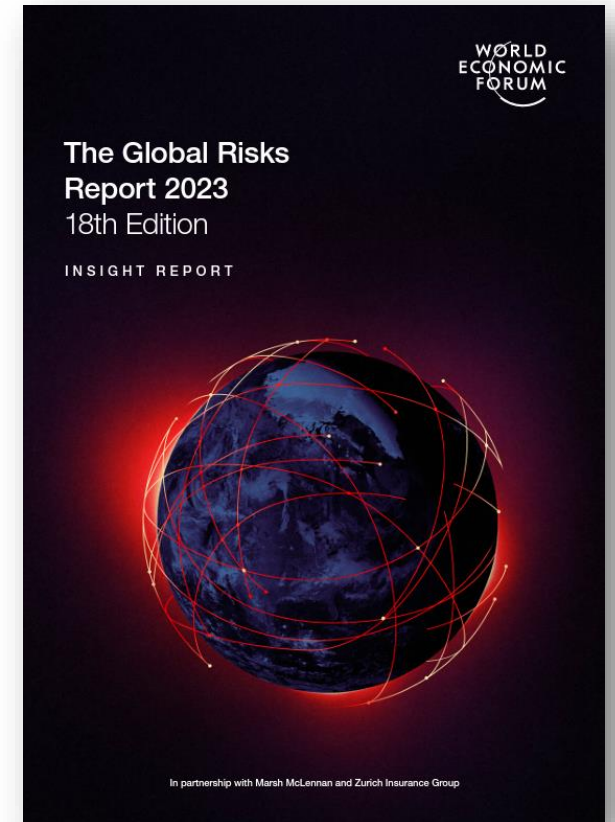
- A cross-functional team builds, reviews, and updates the climate risk inventory
- 3 major methods for compiling the climate risk inventory

Peer review

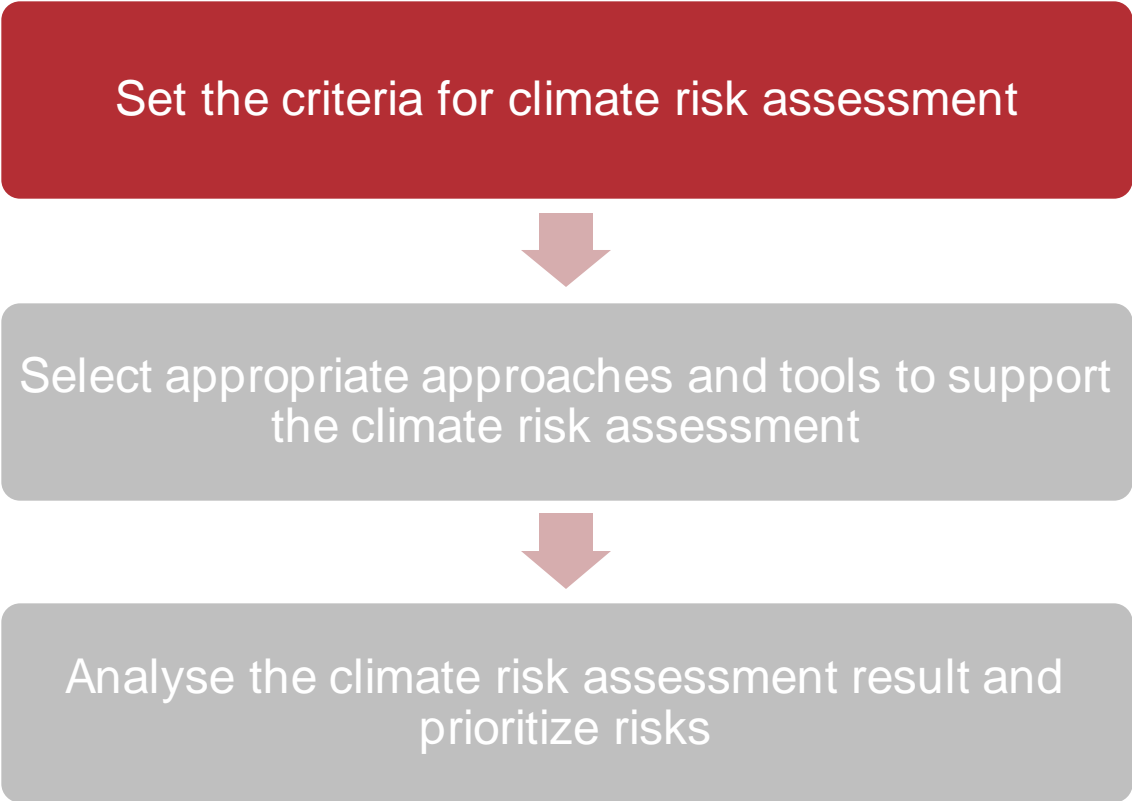
Research

Stakeholder
engagement

- Frequency of reviewing the climate risk inventory – on an annual basis
- If new potential climate risks have been identified, the team will discuss and decide whether to update the climate risk inventory



Risk Assessment and Prioritization



Common criteria

Criteria	Example of a rating scale
Likelihood	Rare (1), unlikely (2), possible (3), likely (4), very likely (5)
Magnitude of impact	Insignificant (1), minor (2), moderate (3), major (4), significant (5)
Adaptability	Very low (1), low (2), medium (3), high (4), very high (5)
Recovery	Very slow (1), slow (2), medium (3), fast (4), very fast (5)

Risk Assessment and Prioritization

Set the criteria for climate risk assessment



Select appropriate approaches and tools to support the climate risk assessment



Analyse the climate risk assessment result and prioritize risks

Common approach and tool

- Expert input
- Scenario analysis
- Forecasting and valuation
- Climate-specific tools
- Primary data
- Secondary data

Risk Assessment and Prioritization

Set the criteria for climate risk assessment



Select appropriate approaches and tools to support the climate risk assessment



Analyse the climate risk assessment result and prioritize risks

Common approach

- Example of a risk matrix

Example of a risk matrix

Hazard exposure ↑	Very high 5	5	10	15	20	25
	High 4	4	8	12	16	20
	Moderate 3	3	6	9	12	15
	Low 2	2	4	6	8	10
	Very low 1	1	2	3	4	5
		Very low 1	Low 2	Moderate 3	High 4	Very high 5
		Vulnerability →				

- Category 1 Risks with very high materiality
- Category 2 Risks with high materiality
- Category 3 Risks with low materiality
- Category 4 Risks with very low materiality

Case Study – Climate Risk Assessment and Prioritization

- The risks in the climate risk inventory are assessed in the dimensions of likelihood, time horizon, financial impact and response to risk
- Define short, medium and long term



- Primary screening – remove risks that fall behind the long-term time horizon or fall within the time horizon but are below the financial materiality threshold of US\$50 million
- Reviewed and validated the screening results by C-suite executives and senior management
- Integrate the risks into the existing enterprise risk management system
- Conduct an in-depth climate risk assessment for risk prioritization

Risk Response



Risk owner

- Assign an individual at the management level for managing and monitoring the risk
- Assemble a cross-functional team
- Report to the senior management or the board on the risk

Risk Response



How to choose risk responses

- Consider business context, costs and benefits, obligations and expectations, etc.

Types of response	Description
Accept	Take no action to change the severity of the risk
Avoid	Remove the risk
Pursue	Convert risk into opportunities
Reduce	Take action to reduce the severity of the risk
Share	Transfer a portion of the risk or collaborate externally

Risk Response



Develop a plan

- clearly defined objectives, action points, timelines, key performance indicators, required resources and estimation of costs and benefits
- incorporated into business strategy at the company level if the risk is substantial to the business

Risk Response



Execute the plan and monitor its effectiveness

- A designated team with well-defined responsibilities
- Risk owner and the designated team review and monitor the plan on a regular basis
- Report progress to the senior management by the risk owner

Case Study: Climate Risk Response

- Risk owners are responsible for managing their corresponding risks and reporting to the Executive team and the Board
- Develop measures and plans to address risks based on the risk responses chosen
- Discuss how measures and plans should be supported by the overall business strategy
- Evaluate the effectiveness of the measure and plans

Risk type – climate transition risk (carbon pricing)

Risk response – reduce (take action to reduce the severity of the risk)

Actions: introduce energy-efficiency machinery and source renewable energy

Metrics: annual GHG emissions

Business strategy – reach net zero by 2050



DEVELOPING A TCFD-ALIGNED ROADMAP



Why is it important to develop a TCFD-aligned roadmap?

- Provide a clear understanding of the TCFD journey
- Highlight key action points to reach the goal
- Measure the progress towards the goal



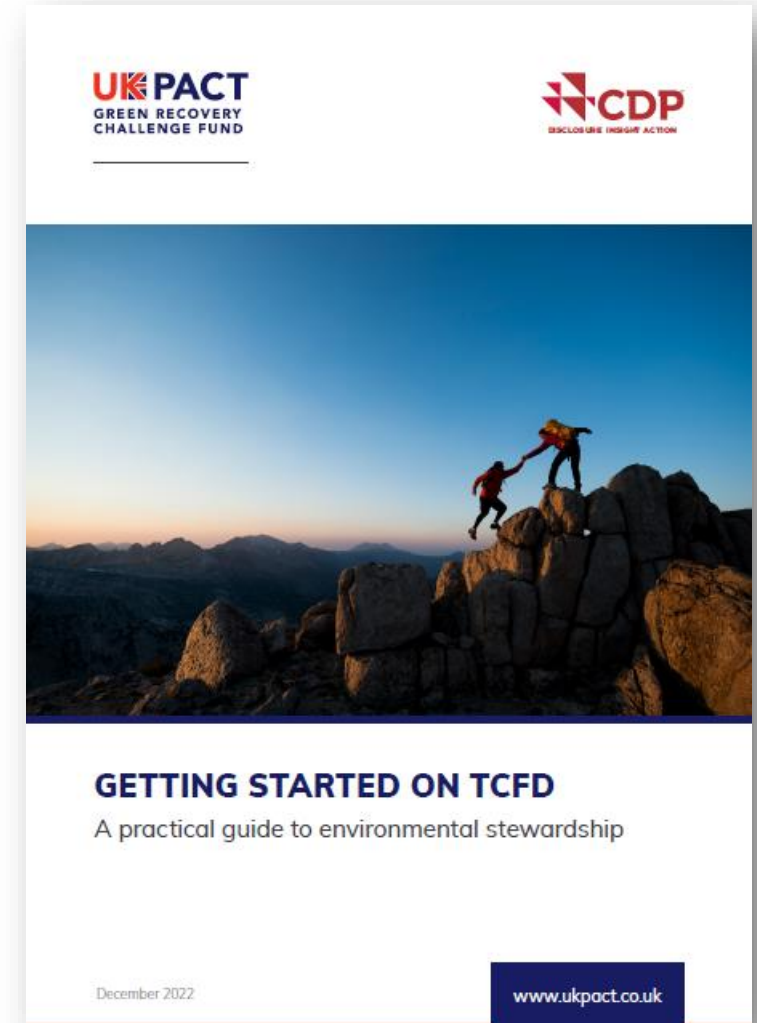
Getting started on TCFD

A practical guide to environmental stewardship

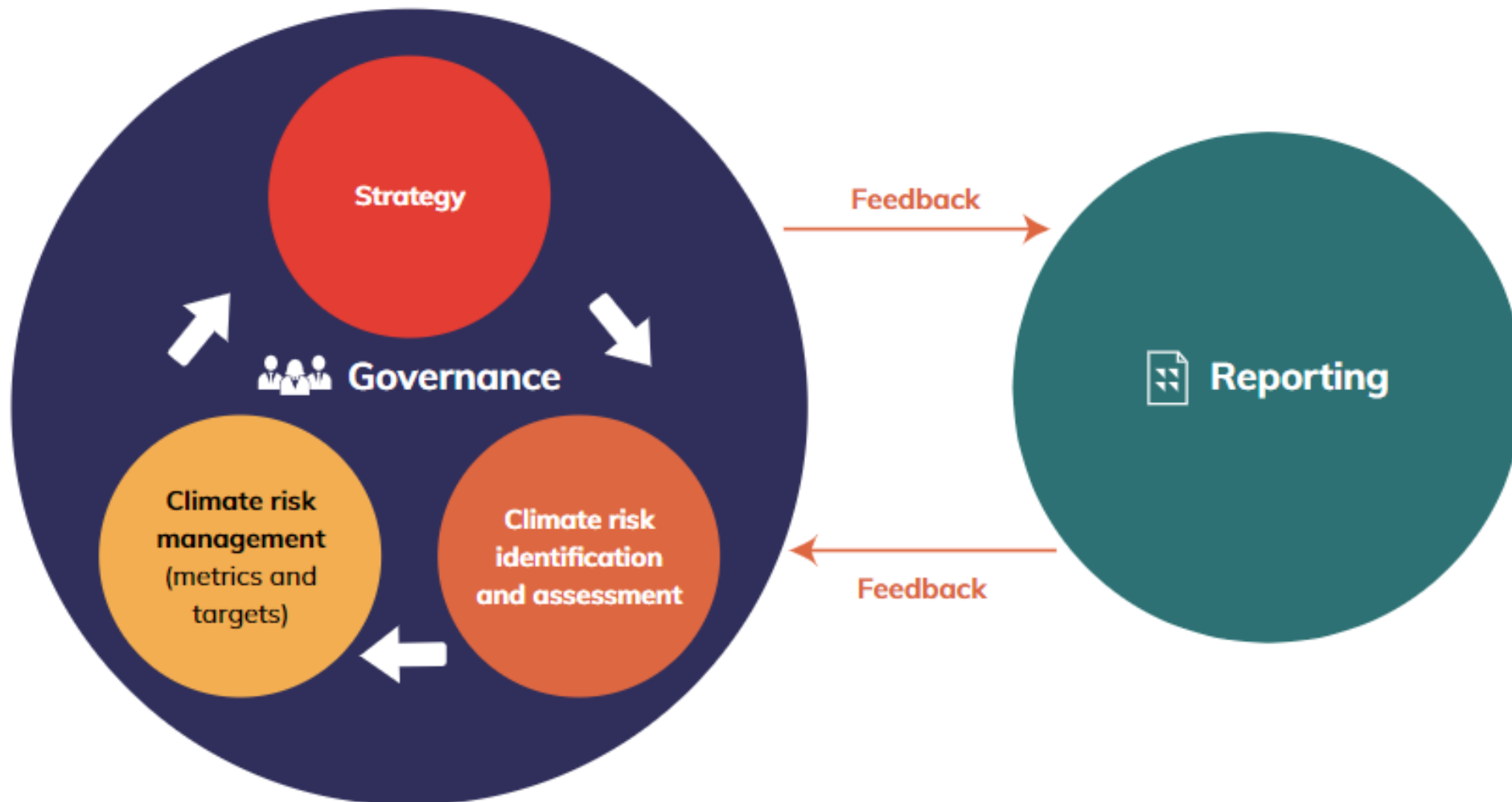


Purpose

- Guide companies to get started with their TCFD journey
- Help companies identify their stage of environmental maturity
- Provide practical guidance with case studies on three key areas, namely governance, climate scenario analysis, and climate risk management



Highlight 1: Interdependencies of the 4 pillars of TCFD



Highlight 2: TCFD Journey Roadmap

identify your stage in the environmental journey

	Early	Developing	Mature	Best Practice
Governance				
Board level oversight over key climate issues	<ul style="list-style-type: none"> No board member has oversight over climate issues 	<ul style="list-style-type: none"> No board member has oversight over climate issues, or the company is starting to consider board level oversight, but no formal process is yet in place. 	<ul style="list-style-type: none"> Board has oversight over climate issues, but climate is not considered in strategic decision-making process 	<ul style="list-style-type: none"> Board has oversight over climate issues, and fully integrates these issues into governance structures, strategic planning and business models Mechanisms are in place to hold the board accountable for climate issues
Reporting of climate issues to the board	<ul style="list-style-type: none"> No reporting of climate issues to the board 	<ul style="list-style-type: none"> No reporting of climate issues to the board, but a plan is put in place to address it in the next two years 	<ul style="list-style-type: none"> Some climate issues, analyses or recommendations reported to the board by management, annually or bi-annually 	<ul style="list-style-type: none"> All relevant climate issues, analyses or recommendations reported to the board by management, at least quarterly

Highlight 3: Key action points

Illustrated with case studies



How to make use of the report to develop a TCFD-aligned roadmap?

Major steps	Relevant section in the report
Understand your current performance	TCFD Journey Roadmap
Develop a clear vision and objectives	TCFD Journey Roadmap, Key actions points
Develop your roadmap	TCFD Journey Roadmap, Key actions points
Evaluate the progress of the TCFD roadmap	/

REPORTING PRINCIPLES AND SUPPORTING MATERIALS



TCFD's Principles for Effective Disclosure



- **Relevant and material** – environmental information shall be prepared applying the principles of relevance and materiality.
- **Faithfully represented** – to ensure that information is complete, neutral and free from error in order to be useful.
- **Connected with other information** – to explain the links between the organisation's governance, strategy, risk management and environmental performance.
- **Consistent and comparable** – to elicit information of value to investors in a way that is consistent so as to enable a level of comparability between similar organisations, reporting periods and sectors.
- **Clear and understandable** – to aid understanding by ensuring that disclosures are easy to navigate, read and research
- **Verifiable** – to ensure information that forms the basis for disclosures is verifiable
- **Forward looking** – to ensure that historic information in the mainstream report is complemented with narrative on the future impact of environmental information

Top Tips for Achieving Good Practice

Key steps in preparing your report



Governance

- Ensure that the distinction between board and management-level accountabilities is efficiently distinct and the connection between the two levels is addressed.
- Clarify the specific aspects of climate-related risk and opportunities each governing body has oversight for, and how this oversight is provided
- State the frequency with which each body reviews climate-related information.

Risk Management

- Ensure business- and context-specific actions are included alongside the disclosure of material climate-related risks, to evidence the mitigations.
- Explain how the relative significance of climate-related risks is assessed, relative to wider business risks, and how risk management actions are prioritized
- • Clarify the connection and integration between climate risk assessment processes, and wider risk management, including cross-referencing between relevant report sections, if necessary.

TCFD Checklist

Key steps in preparing your report



- ☐ Bring together your sustainability, governance, and compliance teams to agree on roles.
- ☐ Integrate climate change into the governance process with board buy-in, including audit and risk committees.
- ☐ Adapt existing ERM and risk management processes to account for climate risk: quantify risks, use scenario analysis, and carry out stress testing
- ☐ Apply existing quality assurance and compliance approaches used for finance, management, and governance disclosure to climate-related disclosure
- ☐ Use tools like CDP reporting and the CDSB Climate Change Reporting Framework to collect and report climate-related financial information.
- ☐ Examine the financial impact of climate risk with respect to revenues, expenditures, assets, liabilities, and capital.
- ☐ Engage with investors to better understand the information on climate-related financial risks they consider relevant.
- ☐ Prepare climate-related disclosure in the way you would prepare an assured report, even if you are not able to assure your climate reporting now.
- ☐ Assess your business against various scenarios.
- ☐ Consider how the structure of your annual report could be modified to incorporate TCFD recommendations, particularly in sections on risk; management discussion and analysis (MD&A), and governance.

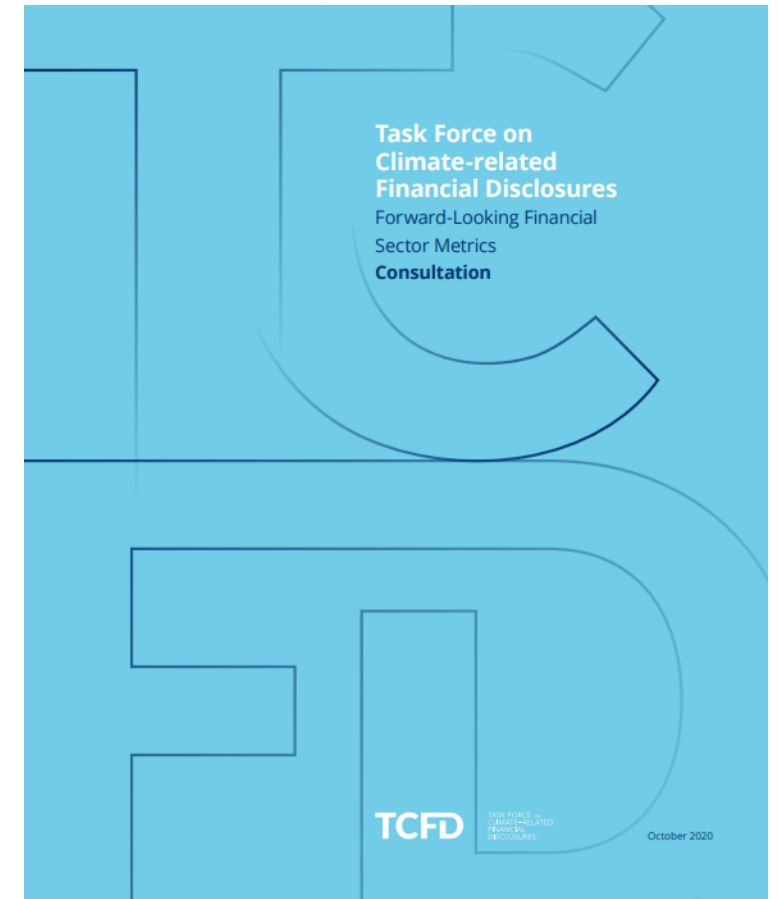
TCFD Checklist

What are the barriers to implementing the TCFD, and how can we overcome them?

- Look through the checklist and think about how your organization could apply these steps into your organisation and consider your current practices.
- What are the barriers your organization faces?
- How could your organization overcome of these barriers?



TCFD Guidance



TCFD Knowledge Hub

TCFD Knowledge Hub

Find the resources you need to understand and implement the TCFD recommendations.

Start searching for resources below, or click [here](#) to learn about the TCFD recommendations. You can also click on the four themes below for more detail on the recommendations.

[Home](#) > Resources

Recommendation ▼

Resource Type ▼

Location ▼

Industry Group ▼

Article name & author

619 articles ordered by Relevance ▼

[Directors' Duties Regarding Climate Change in Japan](#)

G

S

R

M

Japan

Author: Commonwealth Climate and Law Initiative

Industry Group: All Industry Groups

[Read more](#)

[Download resource](#)

[The Climate Risk Landscape](#)

G

S

R

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International

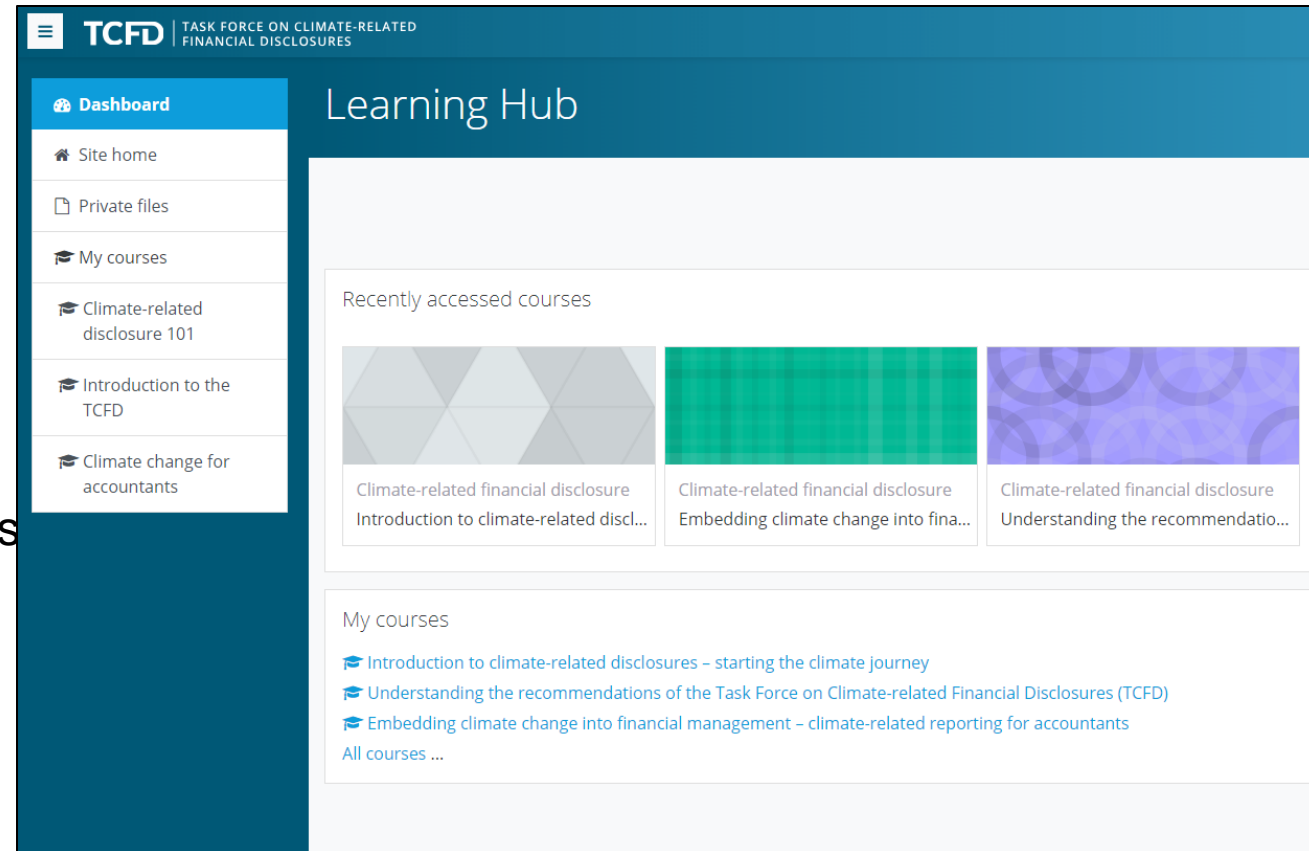
Author: UNEP Finance Initiative

<https://www.tcfdhub.org>

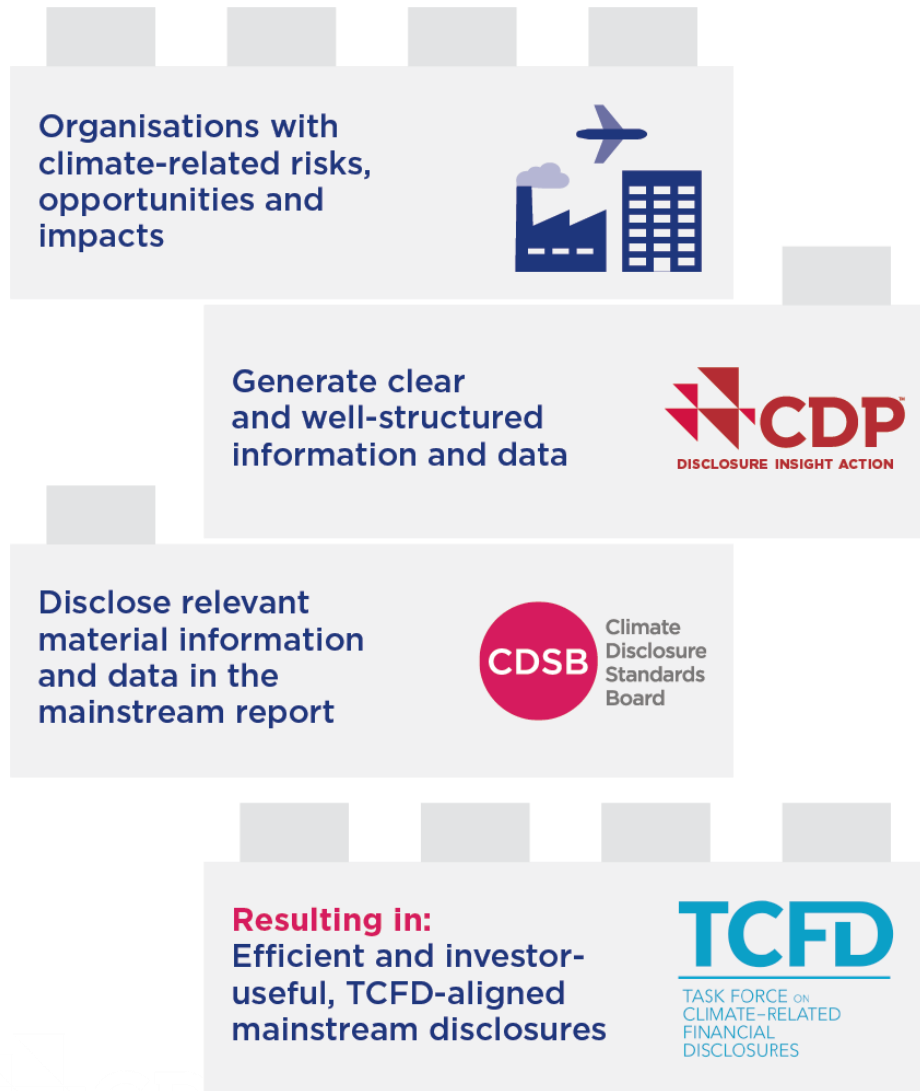
Online Courses

learn.tcfdhub.org

- Introduction to climate-related disclosures - starting your climate journey
- Understanding the recommendations of the TCFD
- Embedding climate change into financial management - climate-related reporting for accountants
- Governance of climate-related risks and opportunities
- An introduction to managing the financial risks from climate change
- Corporate reporting of climate and environmental matters in the European Union



The Building Blocks



The Building Blocks Full Report



TCFD Good Practice Handbook

TURNING RECOMMENDATIONS INTO METRICS

What investors and companies *should* be evaluating.

How to provide complete, comparable information for each question. Resources to take action on metrics.



Breakdown of recommendations into accessible metrics.

What is best practice for each metric.

CDP Data:
Standardized,
comparable,
and decision
useful

Key Resources - Guidance for Companies

Questionnaire-related

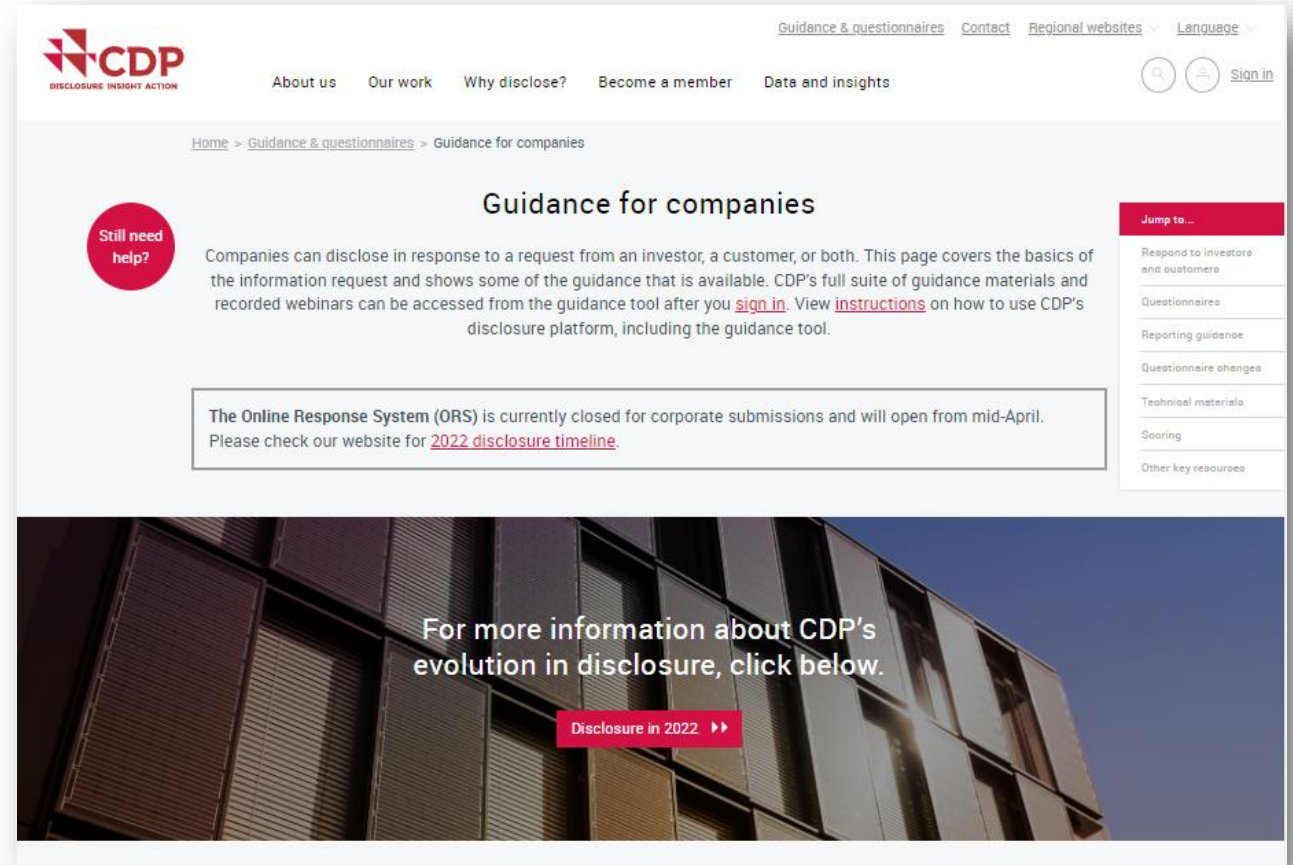
- ▶ Questionnaires
- ▶ Questionnaire Changes doc.
- ▶ Reporting Guidance

Scoring-related

- ▶ Scoring Introduction
- ▶ Scoring Methodology
- ▶ Scoring Methodology Changes doc.
- ▶ Scoring Categories & Weightings doc.

Others

- ▶ CDP Technical note –TCFD/ Reporting on Transition Plans/ Water



GENDER EQUALITY & SOCIAL INCLUSION

Mainstreaming GESI in Thailand companies' sustainability efforts and organizational performance



Mpiwa Gwindi
GESI Researcher

Q&A



Please provide feedback

Survey QR code and link

<https://forms.office.com/r/kBB5uH1MQE>



UK PACT Training Feedback Form

The survey will take approximately 5 minutes to complete. This feedback form should be completed by each individual participant to skills- or capacity-building workshops delivered under UK PACT, and is intended exclusively for internal use within the UK PACT programme.

The data provided in this form will be treated with strict confidentiality and will always be analysed and reported against in an anonymous, aggregated manner. The feedback provided on this form will never be linked to you personally.

Your contact details (name and email) are requested exclusively to make sure that the feedback form has been filled in by an actual attendee to the training, and to avoid duplicates. You may only be contacted again for further feedback if you allow permission for us to do so at the end of this questionnaire.

Thank you for your participation!

Thank you!